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Standing Committee on Finance and Economic Affairs

Pre-Budget Consultation 1993

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Standing Committee on Finance and Economic Affairs

Pre-Budget Consultation 1993

3rd Session 35th Parliament
42 Elizabeth II



LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

TORONTO, ONTARIO
M7A 1A2

The Honourable David Warner, M.P.P.
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its Report
on its Pre-Budget Consultation 1993 and commends it to the House.

A handwritten signature in black ink, appearing to read "Ron Hansen".

Ron Hansen, M.P.P.
Chair

Queen's Park
April, 1993

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INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its report summarizing recommendations and comments concerning the economic and fiscal priorities for the 1993 Ontario budget.

The Committee's pre-budget consultation process began in January. As in previous years, presenters from banks, consulting firms and other expert organizations, as well as the Treasurer of Ontario and his staff, were invited to provide economic projections for the province over both the short and the long-term. (The Treasurer is now known as the Minister of Finance.) Submissions were received that same month from the province's principal transfer recipients, the MUSH sector (municipalities, universities, community colleges, schools, and hospitals.) Six additional days of hearings were held in February and March. Representatives of more than 40 public and private sector groups, and some individuals appeared during these sessions. The Minister of Finance and his staff met with the Committee for a second time in February.

This year's consultations were held at a critical point in Ontario's economic recovery. Real growth is expected in the coming year, but it will be restrained. The province's battle with the aftereffects of the recession is not over. The Minister of Finance's most recent revenue projections for 1993/94 are \$5.8 billion less than anticipated in the 1992 budget. Warnings about public debt and deficits at all levels of government continue to come from home and now abroad.

The Committee would like to thank those groups and individuals who participated in this year's consultation process. Their thoughtful contributions provided unique perspectives on the province's economic and fiscal priorities for 1993.

ECONOMIC SUMMARIES AND FORECASTS

The past year was described as one of adjustment for the Ontario economy. A number of economic indicators were interpreted as signs that a post-recession recovery had begun, and many of these changes were seen to be the result of broader structural changes. While these developments seem to have set the stage for improvement, forecasters tempered their cautious optimism with the observation that growth will continue to be restrained and unemployment will remain high.

The Current Situation

Despite the assertion by many that the worst of the recession is over, its structural and cyclical components have combined to continue to have a tremendous impact on Ontario. Forecasters agreed that this province has been the hardest hit of any in Canada.

DRI/McGraw-Hill credited the slow rebound to a lack of productivity growth in the 1980s. In the second half of that decade, productivity grew cumulatively by 15 percentage points less in Canada than in the United States. Higher interest rates in pursuit of low inflation, and wages that did not resemble productivity performance were cited as contributing factors. The Toronto Dominion (TD) Bank gave the Committee a similar message when it simply stated that there had been less structural adjustment in Canada than in the United States after the previous recession.

The overall impact of the recession, but most particularly the need for structural adjustment, has had a prolonged effect on Ontario's economic growth. As Nomura Canada said in its presentation, Ontario has a higher proportion of its population involved in the production of goods and services than any other province. According to the TD Bank, Ontario lost 60% of the jobs lost in Canada between April 1990 and April 1992. Informetrica told the Committee that

Ontario's unemployment rate grew by 6.3 percentage points from April 1989 to December 1992, a rate higher than that for the province of Newfoundland over the same period of time. The Minister of Finance provided information on layoffs and closures during the previous and the latest recessions. Approximately 25% were permanent 10 years ago. Two thirds were deemed permanent during the most recent recession.

While forecasters reiterated the negative aspects of the current situation, such as high unemployment, low consumer confidence, budget deficits, and high consumer and public debt, they also pointed to some positive trends that began to emerge at the end of 1992. An American recovery and a low Canadian dollar combined to increase exports and reduce the number of cross-border shopping trips. The pace of job losses had slowed, interest rates were down and housing starts had risen. Improved competitiveness was attributed to slower wage growth, productivity growth and increasing exports. As further evidence of improvement, the Conference Board of Canada told the Committee in January that over the last eight months, Ontario had created a net of 5,000 jobs per month as opposed to the 10,000 per month lost on average over the previous eight months.

Debt and Deficits

A common theme in forecasters' presentations this year was federal and provincial debt and budget deficits. Committee members listened with concern as they were warned of the possible consequences of continuing high levels of both debt and deficits.

The Conference Board estimated that the existing federal and provincial debt combined was \$600 billion, not including Crown corporations. Of that total, \$100 billion has been added in the last two years. In 1991/92, provincial and federal budget deficits totalled \$56 billion; they will total \$55 billion in this fiscal year. Added to these burdens is the fact that sizeable portions of both levels of debt are estimated to be held offshore: 20% of the federal and 40% of the provincial.

The Scotiabank told the Committee that annual provincial deficits of more than \$5 billion through to the mid 1990s could push outstanding debt to more than \$80 billion. It estimated that debt servicing costs absorb 12 cents of every revenue dollar.

Forecasters felt the existing situation would be slow to improve or change. According to the Royal Bank, the country will be stuck with a structural deficit for some time to come. Debt servicing payments will continue to increase as a share of total revenue and as a share of gross domestic product (GDP).

Nomura Canada placed Ontario in an international context. The Committee was told that the province and Ontario Hydro are attracting foreign attention. Japanese and European investors are concerned that current deficits are not cyclical and that they will not disappear with recovery. Provincial borrowing on international markets had risen because of high domestic interest rates. As the Canadian dollar drops in value though, the costs of servicing that foreign debt increase.

In the words of the Scotiabank, servicing the debt load takes money away from improving business competitiveness. The WEFA Group predicted that 0.5% of possible national growth will be lost each year for the next five years because of deficit reduction.

The forecasters' warnings anticipated the Minister of Finance's presentation to the Committee in February. His ministry's then current 1993/94 outlook with respect to revenues showed a \$5.8 billion drop from the April 1992 budget's estimate. The planned deficit for 1993/94 was \$8.1 billion. Any revenue shortfall would alter that amount.

The Future

The nine forecasting organizations which made presentations to the Committee provided short and long-term economic projections for Ontario. The projections

for a selected number of variables are found in Table 1. This table also includes projections for 1993 to 1996 made by the former Ministry of Treasury and Economics in the document, *Ontario Economic Outlook 1992-1996*, released in November 1992. The Committee fully recognizes that there are difficulties associated with projecting the future with any degree of accuracy.

Real growth projections for 1993 range from 2.2% to 4.0%, with most between 3.0% and 3.6%. Growth will be moderate compared to previous recoveries. The improved environment in the United States, along with the low Canadian dollar, will benefit Ontario more than the other provinces. Exports, housing and cars are expected to emerge as leading factors. Real growth will increase in 1994; projections for the years following indicate stabilization at around 4.0%.

The Ministry of Treasury and Economics makes the most optimistic projection, 2.1%, for employment change in 1993. Scotiabank predicts an increase of only 0.8%. Growth will be slow due to continued restructuring and a focus on improving productivity and containing costs, particularly in the manufacturing sector. As productivity increases, fewer jobs are created. (Nomura Canada predicted that there will no more jobs in manufacturing in the year 2000 than there were in 1990.) This is reflected in continuing high unemployment, although some predict a drop to below 10.0% in 1994.

TABLE 1

ECONOMIC PROJECTIONS FOR ONTARIO:
SELECTED VARIABLES PRESENTED JANUARY 1993

FORECASTER	REAL GROWTH % change				EMPLOYMENT % change				UNEMPLOYMENT %				CPI/INFLATION % change				HOUSING ('000)
	1993	1994	1995	1996	1993	1994	1995	1996	1993	1994	1995	1996	1993	1994	1995	1996	
Ministry of Treasury & Economics	3.8	4.2	4.1	4.0	2.1	2.9	2.9	3.0	10.6	9.8	8.8	7.9	2.0	2.0	2.0	1.9	
TD Bank	3.2	4.3			1.0	1.7			11.0	10.7			2.5	2.8			65.5
Informetrica	4.0	4.0	4.0	4.0													
CIBC	3.1				1.4				10.6				2.5				71.5
DRI/McGraw Hill	3.6	4.3	4.0		1.2	2.3	2.6		11.8	11.5	10.8		1.8	2.1	2.4		72.8
Conference Board of Canada	3.0	3.9			1.3	2.7			10.9	10.0							
Nomura	3.6	4.8							10.5	9.5			2.5	2.7			68.0
Scotiabank	2.2				0.8				10.7				1.8				63.0
Royal Bank of Canada	3.4	4.1			1.6	2.2			10.6	10.0			2.1	2.3			70.0
WEFA	3.3												2.5				

Sources: Presentations to the Standing Committee on Finance and Economic Affairs, January 1993; and Ontario, Ministry of Treasury and Economics, Ontario Economic Outlook 1992-1996 (Toronto: The Ministry, October 1992). The Conference Board of Canada's projections were tabled with the Committee in February 1993.

Note: Some forecasters did not make multi-year projections or specific projections for Ontario.

Inflation projections for 1993 are fairly low and range from 1.8% to 2.5%. Informetrica expects interest rates to decline but remain high in real terms. The dollar will remain fairly stable, but the Conference Board considers it undervalued at present and expects it to rise toward 1995.

Lower interest rates and stable prices are expected to increase residential construction, along with strong support from government-assisted housing. Projections for 1993 range from 63,000 to 72,800 starts. They are all lower than the projections for 1993 made by the forecasters who appeared before the Committee last year.

Ontario continues to be viewed as an attractive location for investment. It is close to American markets, has a skilled and educated labour force, and is the country's financial and commercial centre. Despite these factors, all of those who offered their forecasts to the Committee expressed concern about the future. Consumer confidence will remain low due to lingering job insecurity and high consumer debt loads. Revenues will remain low and high debt loads will continue to be carried by governments and businesses. Cuts in transfer payments will continue to strain federal-provincial relations. The upcoming federal election and international trade developments (FTA, NAFTA and GATT) will add further elements of uncertainty.

ECONOMIC AND FISCAL POLICIES

The presentations made by banks, consulting firms and the Minister of Finance allowed the Committee to place the submissions that followed in a much broader context. One area that stimulated a great deal of discussion from public and private sector organizations was that of the economic and fiscal policies of the provincial government.

Many presenters raised traditional concerns such as the reduction of government operating costs and the promotion of greater efficiency in the delivery of programs

and services. Comments on federal-provincial relations suggested closer cooperation between the two levels of government, but also made reference to the continuing debate surrounding stabilization and transfer payments. Other submissions discussed the disentanglement process and public sector wages. Within this interest in general topics, two issues tended to dominate: the government's budgetary procedures and taxation.

Budgetary Procedures

Like the forecasters before them, individuals and organizations expressed concern about the provincial deficit and debt. The province was asked to heed warnings that all levels of government must reduce both. Others suggested the setting of targets for deficit reduction or the use of zero-based budgeting techniques.

There seemed to be some agreement that the separation of spending into current/operating and capital accounts was a good practice. One organization emphasized that the separation had to be done in a fair manner that was consistent with standard accounting procedures. The process had to be performed openly and be clearly shown in public documentation. Some witnesses felt that this separation into two accounts will confuse procedures and lead to certain expenditures going unreported.

Concerns with reporting and disclosure were echoed in other presentations. On a general level, it was recommended that the province move from a cash-based accounting method to one that was accrual-based. A further suggestion involved the establishment of an expenditure-side equivalent of the Fair Tax Commission. Outsiders would examine the ways in which public funds were spent and recommend ways to save money. Without such a group, it was felt that there would be a continually negative public perception of how tax dollars are spent.

Public spending on infrastructure is viewed by many as vital to stimulating economic recovery. In response to this perceived need, the province of Ontario

announced a new strategy for capital investment in early February of this year. The establishment of three new Crown corporations dealing with transportation, safeguards on the environment and community development will be a key part of the framework.

The Committee heard many submissions in support of increased capital spending and, more specifically, the February initiative. It also heard expressions of concern. One organization said that if the government is to proceed with capital expenditures, it should be made clear that additional revenues will be coming in to pay for them. Other comments applied to the new Crown corporations. The Committee was told that the Ministry of Finance should consolidate the provincial portion of their spending, as well as the public share of their debt, into the province's budgetary accounts. They should not be monopolies and should be required to recover all of their costs through user fees. It was also recommended that they operate balanced budgets on an actual cash basis.

The Committee recommends:

1. *The Minister of Finance should prepare a simple yet complete economic statement that provides detailed information on all government and Crown corporation assets and liabilities. Accumulated deficits must be accurately reflected in both current and capital accounts.*

Taxation

Taxation is much discussed by a broad range of organized and unorganized critics in the business community and the public at large. The Committee's consultations reflected that concern; no other issue generated as many comments.

The government was cautioned against major tax reforms that would have a negative impact on growth and competitiveness. It was also cautioned against tax increases at this point in time. The private sector should be permitted to start

generating economic activity that will produce more tax revenue. If any changes are to be made, they should be incremental and as revenue-neutral as possible.

Many comments focussed on specific taxes. The Committee was told by a number of witnesses that the commercial concentration tax should be abolished. It was described as inequitable, discriminatory and detrimental to competitiveness. The possible introduction of a corporate minimum tax was not viewed positively. It too was described as harmful to competitiveness and as adding to already existing financial problems. Some stated that capital might leave the province if wealth and inheritance taxes were to be introduced. Other presenters recommended the harmonization of the provincial retail sales tax with the federal goods and services tax (GST). It was also suggested that the exemption for research and development under the retail sales tax be broadened.

The Committee recommends:

2. *The Minister of Finance should exercise caution and be mindful of the concerns of business and the public in any consideration of taxation.*

SECTORAL ISSUES

Ontario's economic diversity was much in evidence during the pre-budget consultations. The Committee heard representatives from a number of sectors describe in great detail how they met the challenges of the recent recession and how they hope to cope with recovery. The major points of some of those presentations are summarized below.

Agriculture

Ontario's agricultural sector has been under economic strain since the early 1980s. Over that period of time, it has had to cope with two recessions, major federal trade liberalization initiatives, and a falling rate of capital investment. According

to the Ontario Federation of Agriculture (OFA), the province's budgetary commitment to agriculture dropped from 1.2% in 1987 to 0.73% in 1992. Added to this, the Ontario Agricultural Investment Strategy announced by the government last spring has been stalled by budgetary constraints.

The OFA expressed concern about rural community development policies. It also spoke of tax issues related to the reports of the Fair Tax Commission's Working Groups on Property Taxation, and Environment and Taxation. The Ontario Flue-Cured Tobacco Marketing Board also had tax concerns. It described how its industry has been affected by rising federal and provincial taxes and what it saw as the results: smuggling, cross-border shopping, and the sale of new leaf products.

Beverage Alcohol Production

The distilled spirits industry in Ontario is a major source of revenue for both the federal and the provincial governments, a major exporter, and an important source of direct and indirect employment. In spite of these factors, the Association of Canadian Distillers (ACD) told the Committee that the industry's future viability is threatened by inequities in the existing tax structure. Other beverage alcohol products, namely beer and wine, are taxed at lower federal and provincial rates. Prices have increased and sales of spirits have fallen since 1981. According to the ACD, the decline in sales has resulted in plant closures, and increased smuggling and cross-border shopping.

Construction

According to the Council of Ontario Construction Associations (COCA), the industry is the second largest in the province and is in a crisis mode. Building activity is down 31% from 1991. Last year 21,000 workers left the industry and 696 firms went bankrupt. Current rates of decline see 2,500 positions being lost every six weeks. Projections for the future indicate that activity in non-residential

construction will continue to decline this year, with slow growth in 1994 and no return to previous peaks until after 2005.

COCA asked for assurances of adequate levels of capital spending. It told the Committee that government policies aimed at building infrastructure and reducing unemployment depended on its members. A request was made for private sector involvement in the new capital corporations announced in February, tax reductions, and the creation of an environment that would enhance private sector confidence and stimulate investment. The Ontario Road Builders' Association also asked for industry participation in the formation of the Transportation Capital Corporation.

Culture

Ontario's artistic community is a viable and growing sector of the provincial economy. (Approximately 200,000 jobs were created in the province's arts and culture sector in 1989.) Its members are a creative, highly trained and highly disciplined part of the workforce. In its presentation to the Committee, the Ontario Arts Council (OAC) described the broad range of services, both financial and non-financial, that it provides to individuals and organizations. Approximately 3,950 grants were made to 900 organizations and 1,817 individuals in 370 communities in 1991/92.

The bulk of the OAC's funding, 97% to 98%, comes from the Ministry of Culture, Tourism and Recreation. Despite the fact that it has been able to cut internal costs and continues to do so, the OAC proposed that base funding for 1993/94 be maintained at the 1991/92 level of \$43.5 million. This would include the re-instatement of the 1% cut from base funding in 1992/93.

Food Service

In the years prior to the recent recession, Ontario's food service sector experienced rapid growth. Over the last three years, more than 50,000 jobs have been lost and sales have dropped by more than 18%. Bankruptcies were 40% higher last year than in 1991. The Ontario Restaurant Association (ORA) told the Committee that its industry is one of the highest value added sectors of the provincial economy and that it provides more than 235,000 Ontarians with employment and training opportunities. Many are young, unskilled, inexperienced, and new immigrants. The industry is also closely connected with the province's agriculture and tourism sectors.

The ORA's presentation called for the reduction or elimination of the retail sales tax, commodity taxes, the commercial concentration tax, and employment taxes. A number of economic stimulants were discussed such as extended hours of operation and easier access to capital.

Forestry

Ontario's forestry industry generates approximately \$5 billion in provincial GDP. Since most production is exported, the industry contributes \$2 billion to the province's balance of trade. Like other sectors, forestry has suffered from the recent recession. Between 1989 and 1991, sales dropped from \$5 billion to \$3.9 billion, earnings fell from \$343 million to a loss of \$356 million, and employment went from 83,500 to 63,600. In the opinion of the Ontario Forestry Association, the forestry sector could become more competitive and contribute more to the province's economic renewal if the government reduced its own costs, as well as the industry's tax burden, and delivered essential industry-related programs more efficiently.

Housing

Nearly 3,600 companies are represented by the Ontario Home Builders' Association (OHBA). They employed over 200,000 people at the time of the construction peak in the late 1980s. Last year 60% of the OHBA's members reduced work crews and 49% reduced the size of their office staffs. The industry's infrastructure has been so weakened by the recession that it could not respond quickly enough if a sharp increase in demand were to occur. The OHBA forecasted 59,000 housing starts in 1993.

The accuracy of government forecasts about the industry was of some concern to the OHBA. The Committee was told that last year's forecast was 12,000 units over what was actually built. The OHBA recommended that the government help the industry by repealing Part III of the *Development Charges Act*, which would eliminate the education development charge, and reducing and rationalizing pertinent regulations.

Manufacturing

Manufacturing drives about 50% of Ontario's economic activity. It is a major source of fixed capital investment and government revenues. Approximately 800,000 people are employed by the sector. Another 600,000 are employed in service sector jobs that are directly related to manufacturing. Ontario's manufacturers survived the recession by changing the operation and organization of their businesses, a process of adjustment that led to the loss of 250,000 jobs between 1989 and 1991. Their financial conditions remain fragile though and another 25,000 job losses are expected in 1993.

In the opinion of the Canadian Manufacturers' Association, an increase in real manufacturing output will depend on sustained growth, an American economic recovery, and stronger investment and consumer spending activity here at home. It made a number of general and specific recommendations for the provincial

budget. Among the latter are tax incentives for scientific research and experimental development and the reintroduction of the current cost adjustment provisions.

Mining

Ontario's mining industry directly employs about 30,000 highly paid and highly skilled workers. Productivity has increased more rapidly in mining than in either the manufacturing or service sectors. The industry spends approximately \$50 million on research and development, \$500 million in taxes and \$750 million in Ontario on supplies and services in a year.

The current economic situation, however, has affected the industry. The Ontario Mining Association told the Committee that the investment and cost structure environments must be improved. Raising taxes will not attract new investment to the province. The Association presented a series of recommendations, among them assistance for up-front infrastructure costs and streamlining the environmental approvals and permitting process.

Rail Transport

The country's rail infrastructure is struggling with over-capacity and losing money. The problem is most acute in eastern Canada. The CP Rail System has reduced the size of its workforce, increased productivity, entered into shared facilities arrangements, and rationalized plant. Despite these initiatives, the company lost \$343 million in 1992. It does, however, have a role to play in helping the province meet its transportation priorities and its objectives for economic renewal.

CP Rail spoke of its significant presence in the province as an employer, transporter of freight and GO Transit commuters, and operator of thousands of kilometres of track. In order to maintain that presence and continue as a viable

and competitive service, particularly in light of contemplated outlays on highway infrastructure, the company asked for provincial tax relief. It proposed that property taxes on rights of way be phased out over a five-year period beginning in 1993. (These taxes are not paid by the highway mode and cost CP Rail \$6 million annually.) Provincial fuel taxes on locomotive fuel should be phased out at a rate of one cent per litre, per year, beginning in 1993.

Small Business

The members of the Ontario Convenience Stores Association (OCSA) employ 13,000 people. Each year they purchase more than \$500 million worth of products from provincial distributors and wholesalers, and pay approximately \$32 million in retail sales tax. According to the OCSA, its segment of the small business sector has been greatly affected by Sunday shopping. It estimates that by June of this year, the first anniversary of Sunday shopping, \$367 million in revenues and more than 5,500 jobs will have been lost. (Revenue losses included those of stores that have closed.) A number of options were seen as helping to restore equilibrium to the market. They include the imposition of commercial rent control, the sale of beer and wine in corner stores, and the introduction of a provincial income tax credit.

Trucking

The Ontario Trucking Association (OTA) described its industry as a leading economic indicator. Trucking is a derived-demand industry and carries the raw materials, parts and machinery used in the manufacturing process. There has been some improvement in activity levels over the past year, but it is tenuous and volatile. Profit margins remain thin and growth has not been enough to reinstate a significant number of the thousands of jobs lost in recent years.

The upcoming budget should aim to improve competitiveness and enhance productivity. Other suggestions made by the OTA included incentives for

investment in new equipment and technology, no new carbon fuels tax and a tire tax exemption for the trucking industry.

The Committee recommends:

3. *Policy changes specific to a particular sector of economic activity should not be implemented before there has been careful consideration of the effects on that industry and related activities.*

Utilities

The membership of the Municipal Electric Association (MEA) consists of 311 municipal electric utilities which deliver 70% of the power generated by Ontario Hydro to 75% of the province's electricity consumers. Electricity rates were the focus of MEA's presentation to the Committee. It suggested the lifting of the water-rental charge (the fee placed on water passing through Hydro's turbines) and the debt-guarantee charge introduced in 1990. These actions could reduce Hydro's wholesale rates by as much as 3%.

Energy Probe (EP) made a number of recommendations pertaining to Ontario Hydro in its presentation. It urged the government to cancel its master agreement with Hydro, and to privatize the utility so that its grid would be opened up to competition and rates would be reduced. EP also requested that the policy granting ten-year holidays from full water rents to new hydro-electric stations be rescinded.

Increases in electricity costs and uncertainties over future supplies were two of many issues discussed by the Ontario Natural Gas Association (ONGA) when it appeared before the Committee. Natural gas was described as an energy option that would help balance the province's demand for and supply of electricity. It could also help meet Ontario's economic priorities in environmentally-acceptable ways. This can happen provided the government and regulators promote

competitive energy markets and the government supports the development of NGV (natural gas fuelled vehicles).

SOCIAL ISSUES

The province's ongoing battle with the effects of the recession, restructuring and rationalization has had a human as well as an economic face. While the number of persons requiring some level or type of social assistance has increased, governments at all levels have been confronted with dropping revenues and forced to reduce actual expenditures and/or restrain needed increases. The Committee heard from a number of groups who very ably described the situation facing those in need in our society.

The Daily Bread Food Bank provided the Committee with the context in which many of the witnesses who followed made their submissions. The recession has doubled the number of people served by food banks. Over time, more food bank patrons are getting by with less. A majority are employable, but jobs and training opportunities are limited.

The Committee heard from groups representing private child care centres, children's aid societies, non-profit homes and social services for seniors, homesharing programs, and interval and transition houses. Each discussed the value of their programs and their needs in terms of funding and recognition.

Submissions were received from a number of groups from the health care field. The Ontario Medical Association told the Committee that fiscal responsibility and quality health care did not have to be mutually exclusive. The Ontario Pharmacists' Association emphasized the need for a partnership between itself and the Minister of Health to better manage the province's drug system. The Ontario Nurses' Association urged that the health care system be made accountable for the money it receives from government. The Ontario Public Health Association called upon the government to develop a financial strategy to reallocate resources to

community-based services. Representatives from the mental health community discussed the reform of their service delivery system in light of government fiscal restraint.

Non-profit housing generated comments from a range of private sector groups. Some suggested that rent controls be eliminated and that shelter allowances or rent subsidies be given to those who meet eligibility criteria. Others told the committee that uninitiated projects should be cancelled and no further approvals should be granted or that there should be a complete program review.

A number of presenters discussed the issue of social assistance. The government was asked to defend and strengthen basic social services, and to spend what money is available in an equitable and efficient manner. While some asked that social assistance rates be increased in 1993/94, others suggested ways in which to streamline the system and reduce abuse.

The Committee recommends:

4. *Social services should be delivered in a more cost-efficient, effective, productive, and coordinated manner, based on client needs.*

TRANSFER RECIPIENTS

Payments to Ontario's major transfer partners, the MUSH sector (municipalities, universities, community colleges, schools, and hospitals), account for approximately 30% of the provincial budget. The federal government shares in funding the costs of health, social assistance and post-secondary education. Along with the onset of the recession, and rising costs and falling revenues, the federal share of these transfers has fallen in percentage terms. In response to these developments, the province has made two major announcements concerning payments to the MUSH sector since January of last year.

On January 21, 1992, the Treasurer announced 1992/93 to 1994/95 allocations to the province's major transfer partners. Falling revenues and a potential operating deficit of \$11.2 billion had led to a "no-change scenario" which would see transfers for 1992/93 held to a 1% increase. Increases for 1993/94 and 1994/95 would be limited to 2%. The Treasurer also announced that \$160 million had been budgeted to assist the major transfer partners with reform and restructuring of service delivery.

Less than a year later, on November 26, 1992, the Treasurer made a further announcement about transfer allocations. Base funding to the major transfer partners would be capped at 1992/93 levels for the next two years. Recipients would see funding increase by 2% in 1993/94, but this would be a one-time only payment and would not go into base funding. It was said at the time that these and other measures would save \$600 million in 1993/94 and \$1.2 billion in 1994/95.

The Committee received written and oral submissions from each of the major transfer recipients during the first week of its pre-budget hearings. All spoke to the issue of transfers, but other common themes emerged as well: cooperation, linkages and economic restructuring.

Municipalities

Ontario's municipalities were represented by the Association of Municipalities of Ontario (AMO). Several years of insufficient adjustments and reductions in funding had left municipalities with little flexibility. AMO asked that the province make a three-year announcement concerning unconditional transfers. The Committee was also told that municipalities needed assistance with infrastructure financing.

The province has been working with municipal representatives to disentangle the funding, management and delivery of local services. AMO asked that the process

continue until both sides agree that all relevant issues have been dealt with. The province was warned that costs outside of the disentanglement process must not be passed on to municipalities in order to save provincial revenue.

In light of the present economic situation, AMO recommended that any new programs be the subject of meaningful consultation. They should be provided with funding commensurate with ongoing costs and should be essential to economic recovery. The province was asked to expedite the implementation of measures which would improve revenue generation.

Universities

The Council of Ontario Universities (COU), the Ontario Federation of Students and the Ontario Confederation of University Faculty Associations all spoke of the critical role that higher education plays in the province's economic recovery. Underfunding of the system and its participants was seen as a threat to the principles of access, equity and quality.

COU expanded on the role of universities in economic renewal. They were described as employers, producers of human capital, trainers and re-trainers, and research partners. Each function could be enhanced by specific recommendations. Programs to facilitate the reduction of barriers to mobility within the system would allow people to enter and re-enter as they needed, with the maximum of efficiency. The Committee was urged to promote incentives in crucial fields of study such as science, engineering and advanced technology. These incentives would provide universities with a broader capacity to find alternate sources of revenue.

Community Colleges

Ontario's community college system is celebrating its 25th anniversary this academic year. While the need for education has changed dramatically over that

period of time, the Council of Regents/Council of Presidents told the Committee that there has been no corresponding restructuring of the educational system. The Councils called for a major investment to provide students with the applied learning and generic skills necessary for success in an ever-changing economy. Community colleges were seen as the places where this was occurring most effectively at the present time. The system was seen to be well-positioned to support economic renewal because of accessibility, quality, responsiveness, partnerships, accountability, and internal restructuring.

Emphasis was also placed on the need for future linkages with universities, high schools and income maintenance programs. These were seen as crucial, as was clear direction from the provincial government and federal-provincial cooperation. (Enrolment has outpaced provincial funding and direct federal funding of training has declined.) The Councils expressed concern about their relationship with the Ontario Training and Adjustment Board (OTAB), but also felt that OTAB would provide much needed coordination.

Schools

A number of groups appeared before the Committee on behalf of the province's elementary and secondary schools. Presentations were made by the Ontario Teachers' Federation (OTF) and some of its affiliates, as well as the Ontario Public School Boards' Association (OPSBA) and the Ontario School Trustees' Council (OSTC).

Educational funding prompted the greatest number of comments by these witnesses. OSTC told the Committee that the province should establish a province-wide mill rate for commercial and industrial assessment for educational purposes. Amendments to the *Education Act* and the *Municipal Act* were recommended by OPSBA. These changes would revise the payment schedule to ensure a more realistic transfer of education property tax dollars to school boards.

OTF affiliates called for several student-oriented initiatives. These included provincial funding for a child nutrition program and professional support staff within school boards. They also recommended the integration of services dealing with children provided by various ministries in order to realize significant cost-savings.

Hospitals

According to the Ontario Hospital Association (OHA), the province's hospitals have demonstrated that they can adapt to changing economic times. There is concern, however, that this success could lead to less realistic targets on the part of the government.

The OHA elaborated on how hospitals have been able to make the best use of scarce resources. Restructuring has led to the development of a variety of new linkages, alliances and relationships within hospitals and in the broader community. Despite these initiatives, hospitals face significant cost pressures over which they have no control. Four of these cost pressures were described in some detail: pay equity, occupational health and safety regulations, collective agreements, and the payment of Workers' Compensation assessments for training participants. The OHA hoped for some provincial assistance.

The Committee recommends:

5. *A determination should be made of the most cost-efficient mechanisms available for the delivery of services provided by the province's major transfer recipients. This process could also involve comprehensive evaluations of the outcomes and results of service delivery.*

RECOMMENDATIONS

The Committee recommends:

1. *The Minister of Finance should prepare a simple yet complete economic statement that provides detailed information on all government and Crown corporation assets and liabilities. Accumulated deficits must be accurately reflected in both current and capital accounts;*
2. *The Minister of Finance should exercise caution and be mindful of the concerns of business and the public in any consideration of taxation;*
3. *Policy changes specific to a particular sector of economic activity should not be implemented before there has been careful consideration of the effects on that industry and related activities;*
4. *Social services should be delivered in a more cost-efficient, effective, productive, and coordinated manner, based on client needs; and*
5. *A determination should be made of the most cost-efficient mechanisms available for the delivery of services provided by the province's major transfer recipients. This process could also involve comprehensive evaluations of the outcomes and results of service delivery.*

APPENDIX A

The Dissenting Opinion of the Liberal Party

**LIBERAL SUPPLEMENTARY REPORT
PRE-BUDGET CONSULTATIONS, 1993**

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

INTRODUCTION

The Liberal members of the Standing Committee on Finance and Economic Affairs recognize the hard work done by all members during the Committee's pre-budget consultations. As well, we appreciate the efforts of committee members from all parties to arrive at a consensus based upon these consultations.

We believe Ontario's fiscal and economic situation is troubled. We have set out our own recommendations of how the government should proceed. We will judge the budget against the criteria in this report.

For this reason, the Liberal members of the Committee, are submitting a supplementary report on the present round of pre-budget consultations by the Standing Committee.

A BUDGET WITH HOPE AND VISION

The most important economic problem in Ontario today is the unemployment situation. The government's budget must create a climate that will see substantive job creation.

Ontario's unemployment rate currently stands at 10 per cent, four percentage points higher than when Premier Rae took office. The Province, which used to have the lowest unemployment rate in Canada now stands behind four other provinces. More than 200,000 of the 555,000 unemployed Ontarians have joined the unemployment lines since Premier Rae took power.

The unemployment rate among young people stands at an unacceptable 17 per cent, compared to 11.1 per cent when the NDP came to power. More than 140,000 youths are on the jobless rolls with little hope of securing worthwhile employment in the current economic climate.

The manufacturing sector has lost 140,000 jobs since September 1990, many of which were high-paying and will not return once the economy starts growing.

The primary goal of the Rae Government's up-coming budget must be to nurture a climate where the private sector can create the necessary jobs for Ontario's 555,000 unemployed.

A BUDGET THAT SHOWS FISCAL RESPONSIBILITY

Ontario faces a severe deficit and accumulated debt problem.

The Finance Minister is predicting that the 1992-93 deficit will reach approximately \$12 billion, over \$2 billion higher than he had originally forecast in April 1992. At that level, the province will have an accumulated debt of \$65 billion. Servicing the debt will take more than 13 cents of every dollar of government revenue.

In less than three years, the NDP government has added \$25 billion in new debt (up 60 % from 1990), or \$2,500 for every man, woman and child in the province.

To lessen the current level of the deficit, the government cannot rely on economic growth alone. Private sector economists predict that Ontario will not grow fast enough in the near future to reduce the deficit without substantial spending restraint.

Credit assessment agencies have already placed Ontario on their "watch" lists, the first step towards a rating downgrading. Currently, the province has a double A (negative) rating. If Ontario falls to a single A level, the province's debt would be much harder to sell to overseas investors. Many major money managers view an A rating as a less than adequate level of security for their investments.

Ontario's tenuous credit rating makes significant spending cuts in this budget doubly important. More than any other factor, credit agencies examine government spending for signs that the province is putting its fiscal house in order. They view reduced expenditures as a signal that Ontario plans to borrow less money and will not increase future taxes to pay for today's spending. If the government only tinkers with the expenditure side of its fiscal plan, then we will not have the ability to sustain the quality of life that we now enjoy.

The government understandably will look to salary and benefit areas of the budget for a significant portion of its expenditure reductions. While we are supportive of the approach, we believe that the necessary spending restraint derived from this area must be done in a fair, innovative and flexible way.

A BUDGET THAT CONTAINS NO NEW TAXES

Ontario's economy has begun to show signs of improvement. But, while the unemployment rate has dropped slightly and the economy has begun to grow, the recovery remains fragile.

In this budget, the government must ensure that its economic policies do not stop the recovery in its tracks. Ontario will maintain the economy's fragile momentum with a budget that contains no new taxes or tax increases.

Higher taxes would undermine business and consumer confidence.

We will be watching to see whether the government will table a budget without any tax hikes. The Ontario Liberals believe that this will be a key policy in nurturing a long-lasting economic recovery.

A BUDGET THAT RESTORES PUBLIC CONFIDENCE

This budget will be the clearest indication of how the Government plans to handle the economy.

In 1991, Premier Rae declared that he had a choice to either fight the deficit or fight the recession. He declared in his budget that he would fight the recession. Premier Rae allowed the deficit to go out of control. Ontario is still coping with the consequences of that decision.

This time taxpayers and business people will be watching the budget for signals that the current government understands that its two previous budgets were a failure. The Province cannot spend its way out of the economy's current malaise.

Last year, the NDP government spent much of its time sending out the wrong signals to Ontarians about the economic prospects of the province.

While claiming to be working for greater co-operation with the labour market partners, the government proceeded with dramatic changes to the Labour Relations Act (Bill 40). This resulted in greater alienation rather than greater co-operation. These changes are having an adverse effect on investment in Ontario. We are committed to repealing any section of Bill 40 which is an impediment to economic development in Ontario.

On two occasions last year, the Premier told overseas audiences about how Ontario was becoming a poorer place to invest because of the current Canada-U.S. Free Trade deal and the impending North American Free Trade Deal. Meanwhile, down the hall, aggressive Mexican officials were telling foreign companies that their country was "open for business". We understand the Premier is opposed to these trading arrangements, but using off-shore international business audiences as his platform for attacking and undermining confidence in the Canadian economy is not the right approach.

The on-going fiasco at the Workers' Compensation Board, which is spending \$180 million on a new office tower even though Toronto currently has a 20-year oversupply of office space, signals firms to expect higher premiums in the near future.

Last year's budget contained revenue and expenditure estimates that were very questionable. The Government included an unrealistically high \$1.2 billion in Federal Fiscal Stabilization revenues. As well some expenditures were incurred that were not reported as an expense, such as the delayed payments to the Teachers and Public Service pension funds.

This year, the Premier has decided to set up three new crown corporations - the Ontario Realty Corporation, the Ontario Clean Water Agency and the Ontario Transportation Corporation - which will remove a large portion of public expenditure from the government's normal operating financial statements. Interested members of the public will need to become fiscal detectives to decipher the true state of Ontario's financial situation.

These are examples of the wrong signals this government is sending to investors, business people and taxpayers.

This budget must tell these groups that Ontario is a good place to work, invest and make money. Showing that the government can reduce its own spending in a real and fair manner, simplifying the province's books so that Ontarians can understand the true state of Ontario's finances and getting agencies, such as the WCB, under control will send the necessary positive signals to these groups.

A MESSAGE OF COMMON SENSE

Ontarians knows the truth. The deficit is too high and government spending cuts are needed to solve this problem. The unemployment rate is too high and higher economic growth can solve this problem.

This budget must make progress towards reducing government spending and the deficit. As well, the budget must send out signals to taxpayers and investors that Ontario is a good place to work, put their money, and create jobs.

The solutions to Ontario's financial problems are readily available, but require backbone on the part of government. The Ontario Liberals will be watching this budget for signs that the NDP will start making the right decisions to reinforce and build upon the fragile recovery.

RECOMMENDATIONS

We will want to see the budget contain the following;

1. A Budget Vision With Hope for the Future

We need to see a budget that offers a sense of realistic hope for the people of Ontario in this difficult fiscal climate. A strong sense of pessimism has set in in Ontario over the past two years. This budget must begin to lift that by demonstrating it will create a climate for job growth and economic activity.

2. A Budget With Real Fiscal Restraint

We will be supportive of a budget that provides a plan for significant spending restraint.

However, we will evaluate these spending restraints on the basis of a) fairness; b) sensitive planning; c) use of creative solutions.

3. A Budget With No New Taxes

The budget should not impose new taxes as a way of dealing with the province's deficit. Increasing the tax burden on Ontarians will only serve to kill off the fragile recovery. As a way of injecting confidence into the province's economy, Premier Rae should tell taxpayers that he will be bringing forth no new tax increases.

4. Restoring Public Confidence

The budget should contain the proper signals and a plan to build public confidence.

5. Consistent and Accurate Reporting of Government Finances

For the Government to restore confidence in the economy, Ontarians need a full and clear disclosure of the state of finances of the Province in the budget. The Province should implement a substantially updated method of reporting the finances consistent with other provinces and recommendations made from the professional accounting community.

Among the anticipated creative accounting moves by the Government, the following are some of the areas in which we will want a fuller explanation:

- A. Establishment of a series of "capital corporations" - how will they be funded, and how do we prevent them from becoming new debt traps?
- B. Sale/lease-back of government buildings - is it in the public interest?
- C. Sale/lease-back of GO trains and computers - is it a good idea and will it be properly reported?
- D. Delay of paying of bills - for example in 1992/93, at least \$570 million in pension payments were postponed and not reported as an expense. Are there going to be similar moves in 1993/94?
- E. The government has suggested that school boards may take on school construction debt previously funded by the province - is this simply a way to hide provincial debt?
- F. Setting up a series of Schedule IV crown agencies such as OTAB, assessment boards, road safety agency - are they of real benefit to the public or is the real reason as the President of OPSEU said, "to remove revenue and expenses from the government's books to hide some of the staff and some of the deficit"?

APPENDIX B

The Dissenting Opinion of the
Progressive Conservative Party

**PC PARTY MINORITY OPINION
1993 PRE-BUDGET CONSULTATIONS**

**NORM STERLING, MPP
GARY CARR, MPP**

RECOMMENDATIONS

1. The 1993 budget should not increase any taxes or fees and should not introduce any new taxes or fees.
2. The Commercial Concentration Tax [CCT] levied in the GTA should be repealed.
3. To prevent the flight of capital from Ontario, to maintain a positive investment environment and to encourage a return to profitability, the government include in the 1993 budget a clear and definitive statement that it will not during its term in office impose a wealth or estate tax or a corporate minimum tax.
4. That for 1993-94 the province hold spending on its operating account at the 1992-93 level to inaugurate a multi-year program spending freeze with the objective of balancing the operating account in three years. As part of this strategy the province should adopt a balanced budget law which would require a government to balance the budget at least once during its term of office.
5. The Ontario government develop a plan to reduce the size of the public service to its 1985 level and work with its MUSH partners to reduce the size and cost of the public sector generally.
6. While long term reductions in the size of the Ontario public service are being pursued, the government implement, in consultation with its employees' unions and associations, a program similar to that proposed by the government of Manitoba under which civil servants would be given additional days-off without pay during the year [i.e. Fridays during the summer]. Essential services would be exempted. The Manitoba government has calculated that its program will reduce its salary bill by about 4%. A similar program in Ontario would save about \$160 million in the next fiscal year.
7. The government act immediately to link the welfare budget to skills training and job creation initiatives and to improve the management and accountability of the social assistance system to reduce the losses due to fraud and poor administration and:
 - Act on the SARC Report recommendation to link social assistance to employment by using welfare dollars to finance wage subsidies to employers hiring social assistance recipients.
 - Take immediate steps to determine why the recovery rate on all outstanding welfare payments is only 3% as compared to the 10% recovery rate reported for the collections done for the government as a whole.
 - Implement a dual income replacement scheme with the federal government to recover interim welfare moneys from those waiting to collect unemployment insurance. Such a plan could allow the

province to recover as much as \$50 million annually.

- Adopt a law similar to Quebec's to beef up the authority of welfare review officers to conduct welfare fraud inquiries. Quebec officials have a 75% success rate in recovering welfare fraud dollars in the 5,000 cases they review annually.
 - Review the financial impact of the decision to eliminate home visits as a means of determining eligibility.
 - Review the plan to extend welfare benefits to 16 and 17 year old students who simply declare that they are no longer comfortable living at home with their parents.
 - Instead of direct deposit, implement a mandatory cheque pick-up and review program such as the one in place in New Brunswick. The program could target specific groups of recipients who would be obliged to report in person to have their files updated.
 - Consider establishing a student summer employment program to increase staff available to conduct eligibility reviews and help reduce seasonal welfare fraud.
 - Ensure that any proposed changes to social assistance, eligibility requirements are properly and fully costed before being implemented.
8. Impose a moratorium on the non-profit housing program and complete only those projects currently underway. Instead of subsidizing bricks and mortar, the government should revamp its housing policies to help individuals and families meet their housing needs through direct shelter allowance payments. The Fair Rental Housing Organization has estimated that a shelter allowance system could provide housing for 250,000 low income households at a cost of about \$400 million annually. By comparison the subsidies paid on the 100,000 non-profit housing units the taxpayer will be supporting by 1995 will cost \$1.2 billion annually.
9. The government should establish the expenditure side equivalent of the Fair Tax Commission and, per the recommendation made to the Committee by Mr. T. Whitehead of the C.I.B.C., set up an Effective Expenditure Commission. The Commission would be made up of a group of individuals from outside government and could be structured and staffed like the Fair Tax Commission. The Commission would be given a mandate to examine the ways in which public funds are spent in Ontario and to recommend ways to save money as well as the associated costs, if any, to the quality of publicly provided services in the province. The Commission would create a number of working groups to focus on specific categories of expenditure for a fixed period of time. The Commission would also be responsible for the development of a new Government Value Assessment process which would evaluate programs on the basis of how well they work as opposed to how well they sell politically.
10. Any new proposed tax, policy or regulation affecting business be subject to an assessment of its effect on the competitiveness of Ontario firms, on the cost of doing business in the province and on its impact on employment.

The assessment mechanism and process should be developed in consultation with effected sectors and the results be made available to the public.

11. The government should repeal Bill 40 and introduce legislation to democratize the organized labour movement in Ontario including requirements for the broader use of the secret ballot.
12. The government should take immediate steps to rectify problems with the workers' compensation system in Ontario including an inquiry into the feasibility of privatizing workplace accident and injury insurance. In the interim to control the unfunded liability of the WCB and costs to employers the government should:
 - Impose a moratorium on all new entitlements until there is a plan in place to deal with the unfunded liability.
 - Follow the lead of New Brunswick and Manitoba and reduce benefit levels and streamline administrative procedures.
 - Adopt a value-for-money approach to rehabilitation and institute value-for-money audits of the Board's operations.
13. The small business sector should be exempted from the Employer Health Tax. The tax should be phased-out over a two year period for companies with annual payrolls of less than \$400,000.
14. The government of Ontario support federal initiatives to improve the level and degree of fiscal and budgetary policy co-ordination and co-operation between the provinces and Ottawa including the development of initiatives to reduce total public debt, to adopt a standard system of reporting the public accounts and the adoption of a fixed timetable for the release of the provincial and federal budgets.
15. The Ministry of Finance should commission an independent party to prepare an analysis of the cost and benefits of converting to accrual accounting, to provide an opinion as to whether such a conversion would result in a more comprehensive, understandable, accessible and realistic description of the assets and liabilities of the province, to give an estimate of the dollar cost involved in making such a conversion and that this analysis be tabled in the Legislature and referred to the Standing Committee on Finance and Economic Affairs for review and consultation.

PC Minority Opinion 1993 Pre-Budget Consultation

Introduction

We are long past the point where small changes and budget fiddles are of any value. If we are to break the spiral and escape the black hole, bold action is required. Anything less truly will be socially irresponsible.

*The Ontario Chamber of Commerce
1993 Pre-Budget Submission*

The primary objective of the 1993 Ontario budget must be to create a business environment and economic climate capable of generating new jobs through measures designed to reduce the deficit, stabilize the debt and deliver targeted tax relief.

We believe it is essential, if new jobs are to be created and new investment attracted to this province, that the goals of deficit reduction and debt stabilization be pursued without another round of punitive tax increases. Tax hikes to address a perceived revenue deficiency would be self-defeating and would discourage recovery.

Consequently expenditure management and the creation of a smaller more efficient and more affordable public sector are the keys to long term financial stability and sustained economic and employment growth.

There are no easy options left - they have been eliminated by nearly a decade of NDP and Liberal tax, borrow and spend fiscal policies whose only legacy is a huge and growing debt and an overburdened taxpayer.

To continue with these policies in the vain hope that somehow they will now solve the problems they created would be worse than foolish. It would be an act of political cowardice which would sacrifice our children's future opportunities for the sake of avoiding tough decisions today.

Since 1987 in our minority opinions we have urged successive governments to practice restraint in their spending programs. We have warned time and again that the expenditure base was being broadened and elevated to a level out of all proportion with the ability of our economy to sustain it over the long term.

This imbalance between our spending commitments and our revenue resources has over time led us toward the same debt trap which ensnared the federal government. To avoid that trap we must take immediate and forceful measures to bring our expenditures more in line with economic reality even if this requires the sacrifice of a number of political sacred cows.

Our financial condition is so grave that it can no longer be ignored. It is so grave that it cannot be reversed overnight. The 1993 budget however, must make a start. It might be the last chance the government of Ontario has to act on its own initiative, before the choices are made for it by its creditors.

THE DEFICIT & THE DEBT

. . . Canada and Ontario have a critical problem with public debt, one which will take strong actions to resolve. Sustained economic growth will not be achieved without substantial progress in reducing the debt burden. Moreover, even an average economic performance over the longer term will not by itself resolve the deficit/debt problem.

*Ontario Natural Gas Association
1993 Pre-Budget Submission*

There was considerable concern expressed during the hearings about the size and growth rates of the provincial deficit and debt. [See Figs. 1 & 2]

To put the problem in perspective:

- By the end of the 1992-93 fiscal year we estimate that the provincial debt will top the \$65 billion level, almost double what it was only ten years ago.
- Ontario's per capita debt has increased from \$3,115 in 1983-84 to an estimated \$6,244 currently, an increase of 100%.
- The provincial debt represents 22.2% of our GDP currently as compared to 15.3 in 1990-91.
- If current trends continue the provincial debt will hit the \$80 billion mark by 1994-95.
- As Aron Gampel of Scotiabank noted in his submission to the Committee, "The average Ontario household now carries a net federal/provincial debt totalling \$60,000 [\$45,000 federal & \$15,000 provincial]. At an interest rate of 8.5%, households would have to pay more than \$400 in taxes per month to service this liability - even with no repayment of principal."
- Five years ago it would have taken 12.5 revenue months to retire the debt. This year it would take 17.4 revenue months.

Some of the consequences of this run-up in our level of indebtedness are already evident.

Ontario's credit rating has been downgraded from triple-A to double-A and we are on a credit watch with negative implications.

Traditional spreads between Ontario and Canada bond rates are beginning to widen in response to concerns about Ontario debt quality. Leo de Bever of Nomura Canada observed in his comments to the Committee about recent Canadian provincial bond issues that Ontario borrowed at a rate 79 basis points over U.S. treasuries while the province of British Columbia was able to borrow at a rate only 48 basis points over U.S. treasuries.

The problem for Ontario, as George Vasic of DRI/McGraw Hill told the Committee is, "that debt growth is 20%, and if we do not bring the deficit down quickly, that debt growth will remain at 20%. That will have the usual impacts of higher interest payments, thus squeezing out the kinds of spending that we all would like to be able to make in the future."

Aside from reducing the province's financial flexibility, and raising serious questions about intergenerational equity, the debt burden will discourage new private investment in Ontario.

The debt, and the deficits which feed it, are nothing more than deferred taxes. The debt overhang is in essence a promise of future tax grabs and people will think twice about putting their money in a jurisdiction sitting on \$80 billion in deferred taxes.

To maintain financial flexibility and to create an hospitable investment environment, it is essential to reduce our deficit and stabilize our debt.

This can be accomplished through either tax increases or expenditure controls. We favour the latter on the grounds that the former would inhibit growth and job creation and take what steam there is out of a slow motion recovery [particularly in domestic demand].

TAXES AND THE DEFICIT

Never in the past half-century have business conditions in Ontario been as bad: record numbers of bankruptcies, chilling numbers of plant closures and layoffs.

See our blood - no more taxes. Tax increases will only make the deficit position worse and subsequently put even more pressure on our social programs.

*Pat Palmer, OC of C President
1993 Pre-Budget Submission*

The Committee heard from some witnesses that the debt crisis is so severe that taxes have to be increased to bring the deficit under control.

We disagree. In the first place, massive tax hikes in the past have not prevented the huge deficits we face today. As shown in Figs.3 & 4 the tax burden in this province has increased dramatically but we are still faced with multi-billion dollar structural deficits. Higher taxes are no guarantee of lower deficits.

Further, the consensus of the economic forecasts reviewed by the Committee was that the recovery will be slow and halting, that domestic consumer demand would remain relatively weak and that the unemployment rate would remain stubbornly high [See. Fig. 5].

Given this outlook, tax increases which would reduce consumer disposable incomes, undermine confidence and limit profitability would suppress job creation and employment growth.

Also despite big tax hikes in the past two budgets, tax revenue this year will be lower than it was two years ago - an indication that the government has literally reached the point of diminishing return on taxation. As the Chamber's brief to the Committee put it, "The problem of the deficit-debt-interest black hole is compounded by a connected black hole. The Provincial Government has not just reached, but has passed the effective limits of taxation - the limit where further increases in tax rates and new taxes result in less, not more, taxation revenue."

There is also some question as to whether the government will need new and/or higher taxes to meet its revenue requirements. The Conference Board told the Committee that when it looks at government revenue it finds that "... things are going to be a lot better than they have been for the past two years in terms of revenue growth."

The Board forecasts that total direct tax collections by provincial governments will go up by about 7% this year because of economic growth and improvements in corporate profits and personal income. On account of these factors "Tax being applied at the same rate will generate more revenue for you."

More and/or higher taxes are simply not the answer to our deficit and debt woes. The Treasurer would be well-advised to give careful consideration to Scotiabank's conclusion that:

Meaningful progress in reducing Ontario's deficit requires a multi-year freeze of total program spending. Attempts to pay for new programs and

offset a softer revenue trend with tax increases are self-defeating, particularly in an increasingly challenging international environment.

SPENDING IS THE PROBLEM

Part of the government's argument for more or higher taxes rests on its contention that it has a revenue problem.

This is simply not the case. As is evident from Fig. 6 revenues per capita are at near historic highs.

The problem isn't government revenue but government spending which has been going up at an astronomical rate, [See Fig. 7], having, on average, risen at about twice the rate of CPI inflation, over the past decade. [See. Fig. 8]

The government is spending 30% more per capita in real terms than it did 10 years ago.

Currently the government of Ontario spends \$1.22 for every tax dollar raised - the highest of any province. This ratio confirms the Royal Bank of Canada observation that, "public expenditure growth in Ontario in the late 1980s was increasingly generous without concern about the supportive wealth we were generating to support that type of public expenditure growth. We actually based our expenditure growth on the wealth illusion of the 1980s."

To continue with a policy based on an illusion would be destructive and ultimately disastrous.

But all the evidence supports the conclusion that the government will, despite all the lip service it pays to restraint, continue to increase its spending at a rate well above the inflation rate and will continue to add to the expenditure base expensive programs which the economy cannot support. A number of these programs were highlighted in the Toronto Board of Trade presentation.

The Board looked at the cost of programs in terms of the kind of tax increases necessary to finance them without bumping up the deficit.

The Board showed that:

- It would require \$226 per Ontario taxpayer annually, or an increase in the PST rate from 8% to 9.4%, or an increase in the PIT rate from 55% of Basic Federal Tax to 59.5% to pay for the \$1.2 billion in annual subsidy the taxpayer will contribute to non-profit housing by 1995.
- Paying for the government's public service pay equity program which will cost \$1 billion annually by 1998 would be equivalent to hiking the PST by 1.2 percentage points to 9.2%.

Also, while the government keeps changing its revenue and deficit projections for fiscal 1993-94 its spending projection remains fixed at \$56 billion. [See Fig. 9]

The Treasurer told the Committee that the government was on track to hit that number but he felt it would be very difficult to reduce spending much below that level.

Since this would leave the government with a deficit next year, on a "no change" basis of \$13.9 billion which the Treasurer has intimated is unacceptable, the reasonable conclusion is that the government will rely on new taxes to lower its financing requirements.

As indicated earlier our advice to the government is that it not depend on new or higher taxes to reduce its deficit. The 1993 budget must begin to tackle the spending problem in this province. More taxes would simply give the government more money to spend and would at best only delay the day of reckoning.

CREATING NEW JOBS

The only sustainable jobs you're going to get in the long term are from the private sector. . . . Primarily you've got to have a proper business environment to create the jobs. . . . a stable believable future of taxes that are not going to continue to go through the roof . . .

*T.B.G. Whitehead, C.I.B.C.
1993 Pre-Budget Consultations*

The government made job creation the focus of its 1992 budget. Despite that commitment however there were on average 572,000 people unemployed in Ontario every month last year as compared to the average of 331,000 experienced in 1990, the year this government took office.

In spite of massive spending and huge deficits employment in Ontario remains well below pre-recession levels and job recovery is expected to be slow.

Both the recession and unemployment proved to be resistant to government spending - no matter how much the government spent, they just wouldn't go away.

Secure, well-paying jobs are a response to events which happen in the marketplace not to what happens around the cabinet table at Queen's Park.

It seems to us that now, more than ever, the role of government is not to take the lead on job creation but to get out of the way and off the backs of the people, the consumers, investors and the entrepreneurs, who create real and lasting jobs.

In addition, we are concerned that an increase in the deficit, far from stimulating the economy and job creation could have the reverse effect.

As was pointed out to the Committee by Mr. Whitehead of the C.I.B.C., the deficit has become "a

barometer of the recession” and that, “The fact that we’ve had a couple of 11-digit deficits, I think, has done as much as anything else to scare consumers into thinking that the economy really is going to hell in a handcart. To run up that deficit even more . . . may in fact exacerbate the situation and cause people to retrench even more.”

From the evidence presented to the Committee it is obvious Ontario cannot tax its way back to prosperity.

Ontario cannot borrow its way back to prosperity.

Ontario cannot spend itself rich.

If the 1993 budget is to help sustain recovery and promote job creation then the government must pursue a radical new direction in its fiscal policies.

The Ontario government can put its fiscal house in order, it can create an environment more conducive to growth and job creation, and it can put the interest of the taxpayer ahead of special interests. It should aim to do all these things in its 1993 budget.

RECOMMENDATIONS

TAXATION POLICY

More than 50 tax hikes or new taxes since 1985 have left the people and businesses of Ontario with a terminal case of tax fatigue. The government should use expenditure cuts to control the deficit and use tax breaks to stimulate those sectors of our economy which are a drag on the recovery.

In particular the budget should include tax cuts to boost domestic demand and consumer

confidence and to reduce the tax burden in the heavily-taxed Greater Toronto Area, a region subject to special levies not paid elsewhere in the province, and a region hit hard by the recession.

The budget should also clarify the government's position on two outstanding tax issues of considerable concern to the domestic and international business and investment communities - the matters of wealth & estate taxation and the corporate minimum tax.

The Fair Tax Commission's panel on wealth taxation could not come to a consensus on the need for a new wealth or estate taxes but there was considerable evidence in the report to support the conclusion that the costs of these types of taxes would more than outweigh their benefits.

As for the issue of the corporate minimum tax [the CMT], at the time this report was filed the promised technical paper on the CMT had not materialized but we believe the government remains committed to the introduction of such a tax.

In our view the last thing we need in Ontario today are more taxes to discourage investment and profitability - the two key factors in the creation of new jobs.

Therefore we recommend:

1. **The 1993 budget should not increase any taxes or fees and should not introduce any new taxes or fees.**
2. **The Commercial Concentration Tax [CCT] levied in the GTA should be repealed.**
3. **To prevent the flight of capital from Ontario, to maintain a positive investment environment and to encourage a return to profitability, the government include in the 1993 budget a clear and definitive statement that it will not during its term in office impose a wealth or estate tax or a corporate minimum tax.**

EXPENDITURE CONTROLS

The 1993 budget must include a detailed plan for reducing the amount of government spending as

the primary means of reducing the deficit and of maintaining a competitive tax environment in the province.

We were encouraged by reports that the government was considering a plan which would enable it to reduce the size of the public service by some 18,000 positions over a five or six year period.

We note that this downsizing would represent a cut of about 20% in the size of the OPS, roughly equivalent to the scope of the staff reduction plans recently announced by Ontario Hydro.

The Premier called the Hydro plan a "courageous action" and we would hope that he would be equally bold in his approach to his own bureaucracy and that he is prepared to work with his MUSH partners to control the size and the cost of the public sector generally.

The budget should also include measures to improve accountability and to lower the costs of some of the government's major programs particularly the social assistance and the non-profit housing programs.

The social assistance program is currently costing the province about \$6.2 billion. During the recent Public Accounts Committee hearings on the findings of the 1992 audit, the Provincial Auditor said that up to 10% of the total welfare budget was being mis-allocated through either fraud, error or poor administration. That means that as much of \$620 million dollars is being mismanaged, an intolerable cost at a time of severely constrained resources.

Effective management of social assistance payments is essential to maintain public support for the program. It is all the more important in that caseloads are likely to remain high. Welfare caseloads never decreased during the recovery and the boom in the 1980s [see Fig. 10] and with forecast slow employment growth there is no reason to expect a rapid return to pre-recession load levels.

The government must also move to address concerns about its extremely expensive and badly managed non-profit housing program. Annual subsidy costs have risen from \$33 million in 1987 to \$605 million this year and are expected to reach \$1.2 billion by 1995 - a 36 fold increase in only 8 years.

As the Chamber of Commerce noted in its brief, "Such an overwhelming increase over such a short period of time amounts to no less than opening up a new envelope of social spending in Ontario, at a time when existing social commitments - for health, social assistance and education - are already placing intolerable strains on the existing revenue base."

The commitment to expenditure control must extend beyond the provincial government's own programs and encompass its relationship with the federal government and particularly its position with regard to federal transfer payment policies which the Treasurer blames for some of his deficit problems.

While we appreciate and support the position that Ontario should receive its fair share, demanding that the federal government spend more to finance the original terms of its transfer payment agreements is to demand that Ontarians pay higher taxes or finance a heavier debt load.

The Ontario government has calculated that the federal changes to EPF, CAP and equalization programs have cost the provinces \$41 billion over the past 10 years. The cost to Ontario over that period is estimated at \$15.5 billion.

Ontario taxpayers however generate 43% of federal government revenues and, assuming no increase in the federal deficit, would have had to pay 43% of the cost of making up that \$41 billion shortfall in federal transfers.

Ontario taxpayers would then have had to pay \$17.6 billion in additional federal taxes or fees to finance the original terms of the transfer payment agreements which would have transferred an additional \$15.5 billion to the province. They would have had to pay \$1.13 in new charges for every \$1.00 in additional transfers - hardly a good deal for the Ontario taxpayer.

In its attacks on federal policies the province would do well to keep in mind that there is only one taxpayer and that in demanding another level of government to spend more it is simply asking that government to tax more or borrow more.

The 1993 budget must be based on the recognition that spending control is the key to both financial stability and a pro-growth, pro-jobs fiscal policy. Other provinces have taken tough measures to restore the balance between what the public sector spends and what the private sector can afford. It is now Ontario's turn.

We recommend:

4. That for 1993-94 the province hold spending on its operating account at the 1992-93 level to inaugurate a multi-year program spending freeze with the objective of balancing the operating account in three years. As part of this strategy the province should adopt a balanced budget law which would require a government to balance the budget at least once during its term of office.
5. The Ontario government develop a plan to reduce the size of the public service to its 1985 level and work with its MUSH partners to reduce the size and cost of the public sector generally.
6. While long term reductions in the size of the Ontario public service are being pursued, the government implement, in consultation with its employees' unions and associations, a program similar to that proposed by the government of Manitoba under which civil servants would be given additional days-off without pay during the year [i.e. Fridays during the summer]. Essential services would be exempted. The Manitoba government has calculated that its program will reduce its salary bill by about 4%. A similar program in Ontario would save about \$160 million in the next fiscal year.
7. The government act immediately to link the welfare budget to skills training and job creation initiatives and to improve the management and accountability of the social assistance system to reduce the losses due to

fraud and poor administration and:

- **Act on the SARC Report recommendation to link social assistance to employment by using welfare dollars to finance wage subsidies to employers hiring social assistance recipients.**
- **Take immediate steps to determine why the recovery rate on all outstanding welfare payments is only 3% as compared to the 10% recovery rate reported for the collections done for the government as a whole.**
- **Implement a dual income replacement scheme with the federal government to recover interim welfare moneys from those waiting to collect unemployment insurance. Such a plan could allow the province to recover as much as \$50 million annually.**
- **Adopt a law similar to Quebec's to beef up the authority of welfare review officers to conduct welfare fraud inquiries. Quebec officials have a 75% success rate in recovering welfare fraud dollars in the 5,000 cases they review annually.**
- **Review the financial impact of the decision to eliminate home visits as a means of determining eligibility.**
- **Review the plan to extend welfare benefits to 16 and 17 year old students who simply declare that they are no longer comfortable living at home with their parents.**
- **Instead of direct deposit, implement a mandatory cheque pick-up and review program such as the one in place in New Brunswick. The program could target specific groups of recipients who would be obliged to report in person to have their files updated.**
- **Consider establishing a student summer employment program to increase staff available to conduct eligibility reviews and help reduce seasonal welfare fraud.**
- **Ensure that any proposed changes to social assistance eligibility requirements are properly and fully costed before being implemented.**

8. **Impose a moratorium on the non-profit housing program and complete only those projects currently underway. Instead of subsidizing bricks and mortar, the government should revamp its housing policies to help individuals and families meet their housing needs through direct shelter allowance payments. The Fair Rental Housing Organization has estimated that a shelter allowance system could provide housing for 250,000 low income households at a cost of about \$400 million annually. By comparison the subsidies paid on the 100,000 non-profit housing units the taxpayer will be supporting by 1995 will cost \$1.2 billion annually.**

9. **The government should establish the expenditure side equivalent of the Fair Tax Commission and, per. the recommendation made to the Committee by Mr. T. Whitehead of the C.I.B.C., set up an Effective Expenditure Commission. The Commission would be made up of a group of individuals**

from outside government and could be structured and staffed like the Fair Tax Commission. The Commission would be given a mandate to examine the ways in which public funds are spent in Ontario and to recommend ways to save money as well as the associate costs, if any, to the quality of publicly provided services in the province. The Commission would create a number of working groups to focus on specific categories of expenditure for a fixed period of time. The Commission would also be responsible for the development of a new Government Value Assessment process which would evaluate programs on the basis of how well they work as opposed to how well they sell politically.

CREATING A PRO-GROWTH ENVIRONMENT

Again this year the Committee heard from a number of business groups the concern that the government was not sufficiently sensitive to the impact of its policies and regulations on the competitive position of Ontario firms.

We think that the government should be very alarmed, for instance, about the reaction of the investment community to Bill 40.

The brief from the Council of Ontario Construction Associations perhaps best summed up the situation surrounding Bill 40 in its comment that "Whether you're for the unions or against unions, Bill 40, the investors tell us, is dissuading them from coming to Ontario. As I say, no matter what you think about that, it's a fact, an irrefutable fact that investors are telling us they don't like Bill 40."

For our own part we continue to be concerned about the negative effect of government and public sector-imposed costs on the ability of Ontario firms to create new jobs. The Committee learned of one case where an American investor decided against putting money into Ontario in part because of Bill 40 but largely because of the unfunded liability of the Workers Compensation Board.

The WCB has doubled its assessments in the past decade and its \$11 billion unfunded liability is

practically a guarantee of higher rates to come. The government should move quickly to ensure that fears about the WCB do not undercut its own initiatives to attract new jobs and investment to the province.

The small business sector continues to be a major job creator in our economy and should be the focus of some beneficial tax moves in the coming year. We suggest that instead of investing in complex worker buy-out and ownership schemes and in labour sponsored investment funds, the government re-direct those resources into the small business sector by exempting small businesses from the EHT - a payroll tax on jobs.

We also believe that the Ontario 1993 budget must be in-step with the budgetary policies of other Canadian provincial governments and with the federal government of Canada. We cannot afford to send lenders, investors and consumers a mixed signal and a high degree of co-ordination is required if policies to reduce public sector costs, lower deficits and control taxes are to be effective.

To create a more positive climate for job creation in Ontario we recommend:

10. Any new proposed tax, policy or regulation affecting business be subject to an assessment of its effect on the competitiveness of Ontario firms, on the cost of doing business in the province and on its impact on employment. The assessment mechanism and process should be developed in consultation with effected sectors and the results be made available to the public.
11. The government should repeal Bill 40 and introduce legislation to democratize the organized labour movement in Ontario including requirements for the broader use of the secret ballot.
12. The government should take immediate steps to rectify problems with the workers' compensation system in Ontario including an inquiry into the feasibility of privatizing workplace accident and injury insurance. In the interim to control the unfunded liability of the WCB and costs to employers the government should:
 - Impose a moratorium on all new entitlements until there is a plan in place to deal with the unfunded liability.

- Follow the lead of New Brunswick and Manitoba and reduce benefit levels and streamline administrative procedures.
 - Adopt a value-for-money approach to rehabilitation and institute value-for-money audits of the Board's operations.
13. The small business sector should be exempted from the Employer Health Tax. The tax should be phased-out over a two year period for companies with annual payrolls of less than \$400,000.
 14. The government of Ontario support federal initiatives to improve the level and degree of fiscal and budgetary policy co-ordination and co-operation between the provinces and Ottawa including the development of initiatives to reduce total public debt, to adopt a standard system of reporting the public accounts and the adoption of a fixed timetable for the release of the provincial and federal budgets.

A CLEAR SET OF BOOKS

The transparency of the government's books was again an issue before the Committee this year.

The cash basis of accounting used by the government came in for some heavy criticism which is perhaps understandable given the "deficit du jour" game being played by the Treasurer, the pension fund shuffle used to keep the budget plan deficit below \$10 billion last April, the smoke and mirrors involved in the sale of crown assets which is nothing but a paper transfer from the government to itself and the pre-flows and other fiddles which have become a standard feature of financial management in Ontario.

We believe the public deserves facts not fiddles, that, as more than one witness commented, the public deserves a consistent set of books and needs to be provided with clear and understandable numbers. This need is more pressing given the sacrifices people will be asked to make to restore balance to the province's financial position.

The creation of new financing mechanisms for capital spending and the establishment of three new capital corporations also elevate the need to assure that the provincial finances are not being run like

a shell game of hide the deficit.

No one pretends that moving to a new accounting system will be either easy or cheap but as one witness put it, "... if you think information is expensive, check the price of ignorance."

The accrual accounting was recommended to the Committee as a superior replacement for the cash basis used currently. Converting to an accrual system would be a major undertaking but it is an option which deserves close scrutiny.

We recommend:

15. The Ministry of Finance should commission an independent party to prepare an analysis of the cost and benefits of converting to accrual accounting, to provide an opinion as to whether such a conversion would result in a more comprehensive, understandable, accessible and realistic description of the assets and liabilities of the province, to give an estimate of the dollar cost involved in making such a conversion and that this analysis be tabled in the Legislature and referred to the Standing Committee on Finance and Economic Affairs for review and consultation.

CONCLUSION

The government has little option but to bring spending commitments in line with available revenues. Fiscal reform is never easy, particularly in a weak economic environment. But there is simply no alternative. Borrowing allows temporary breathing room, but only at the cost of much more painful adjustment later this decade.

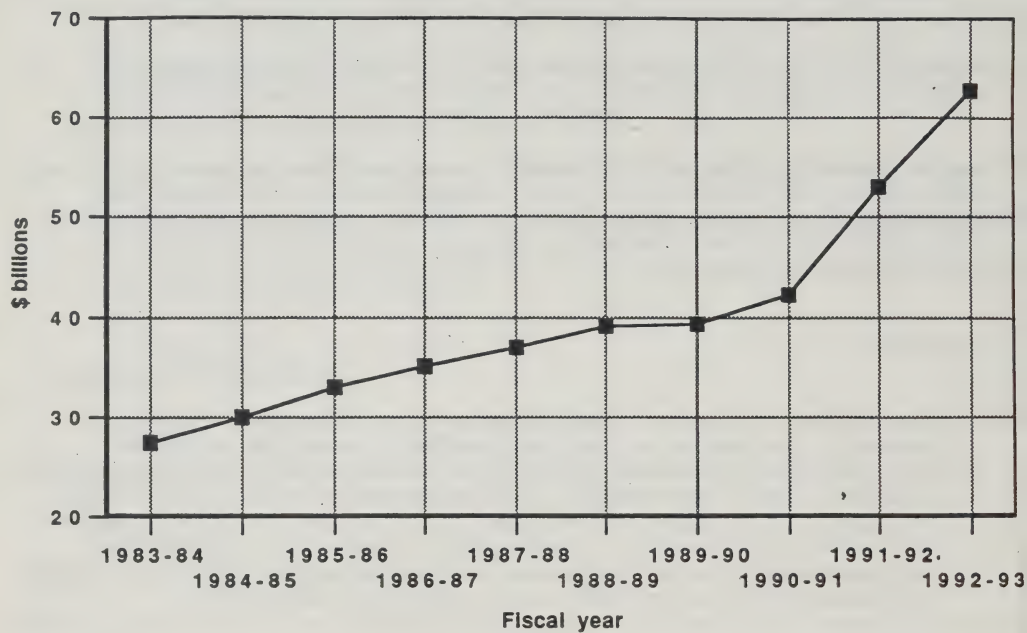
*Aron Gampel, Scotiabank
1993 Pre-Budget Consultation*

We no longer have the luxury of half-measures. If the government is not prepared to take radical action on expenditures today then it condemns Ontario to a future with fewer jobs, less investment, more debt and higher taxes. That is not the future we want for Ontarians and we urge the government to find the political will to implement some of the recommendations we have made.

FIG. 1

Ontario Debt 1983/84 - 1992/93

\$ billions



Ontario Deficit/Surplus

per capita 1982-83 to 1992-93

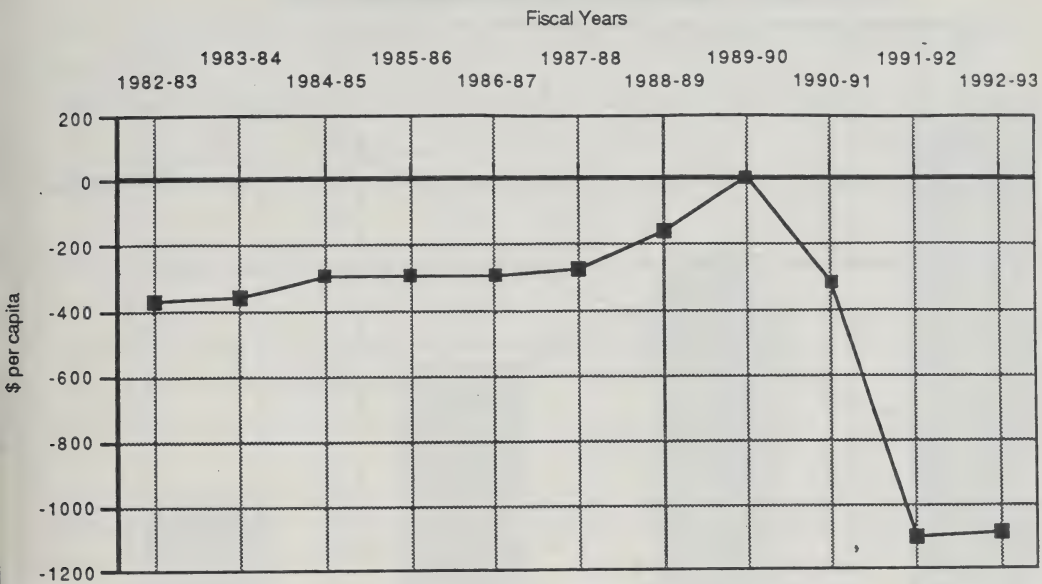


FIG. 2

Ontario Taxes per Capita

1983-84 to 1992-93

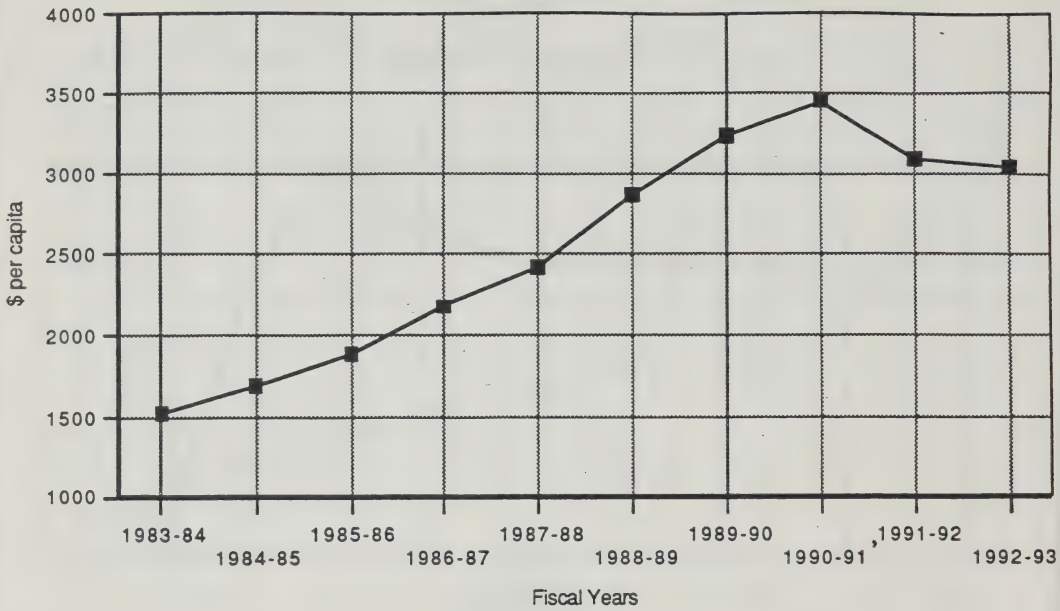


FIG. 3

Total Taxes Average Ontario Family

Fraser Institute

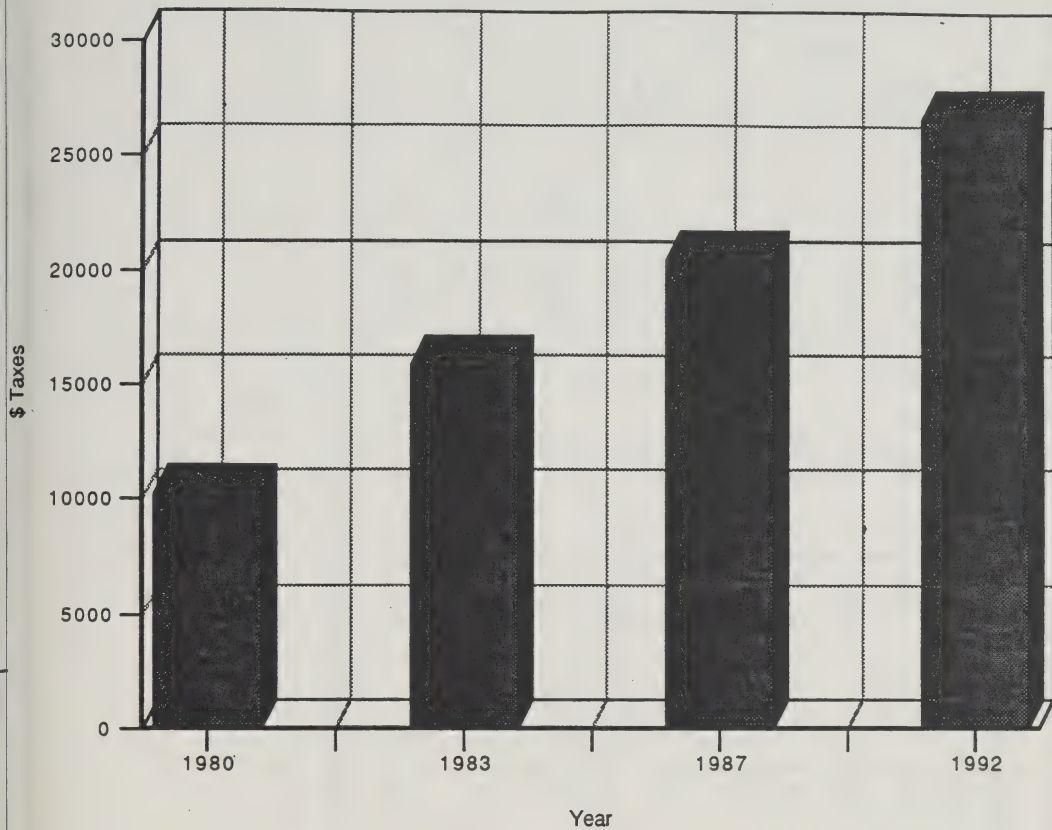


FIG. 4

1993 Ontario Economic Outlook - a Survey of Forecasts **FIG. 5**
 [Selected indicators - % change from previous year unless otherwise indicated]

Forecaster	Real GDP	Employment	Unemployment Rate %	Inflation CPI Rate %	Retail Sales	Housing Starts Units
CIBC	3.1	1.4	10.6	2.5	4.8	71,500
DRI McGraw-Hill	3.6	1.2	11.8	1.8	4.2	72,819
Conference Board	3.0	1.4	10.7	2.8	3.2	68,900
TD Bank	3.2	1.0	11.0	2.5		65,500
Royal Bank	3.4	1.6	10.6	2.1	3.9	70,000
Scotiabank	2.2	0.8	10.7	1.8		63,000
Nomura	3.6		10.5	2.5		68,000
Treasury	3.8	2.1	10.6	2.0	4.8	71,000
Interim 1992	1.5	-1.1	10.8	2.0	1.4	58,000

Source: Forecasts submitted to Standing Committee on Finance and Economic Affairs - January 1993

Revenue \$ Per Capita

1983-84 to 1992-93

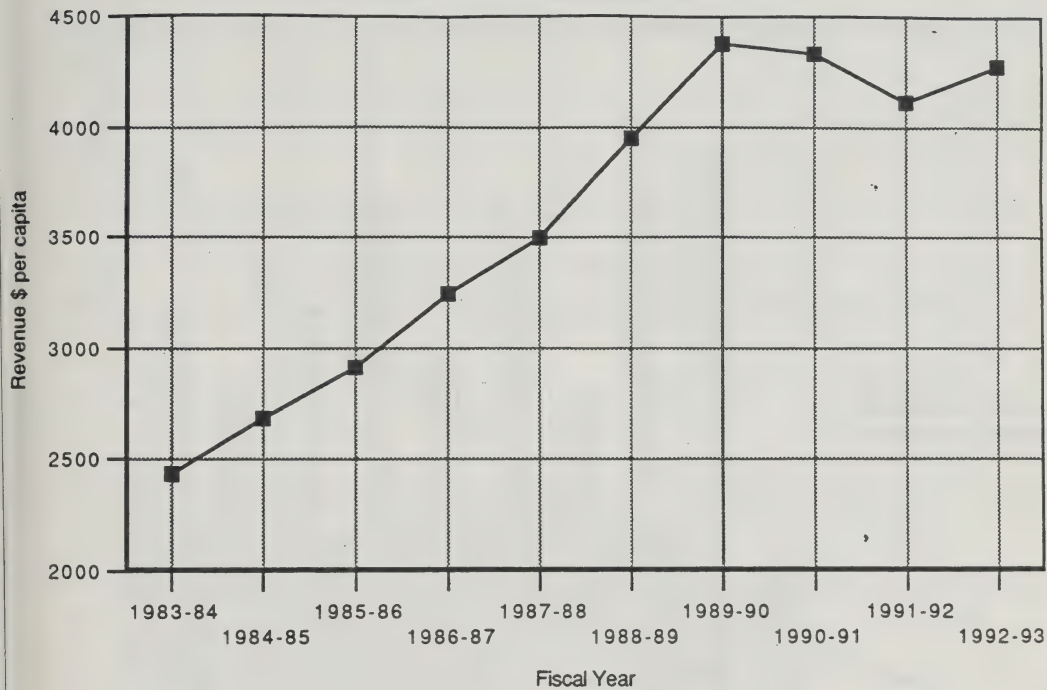


FIG. 6

Ontario Spending

\$ billions

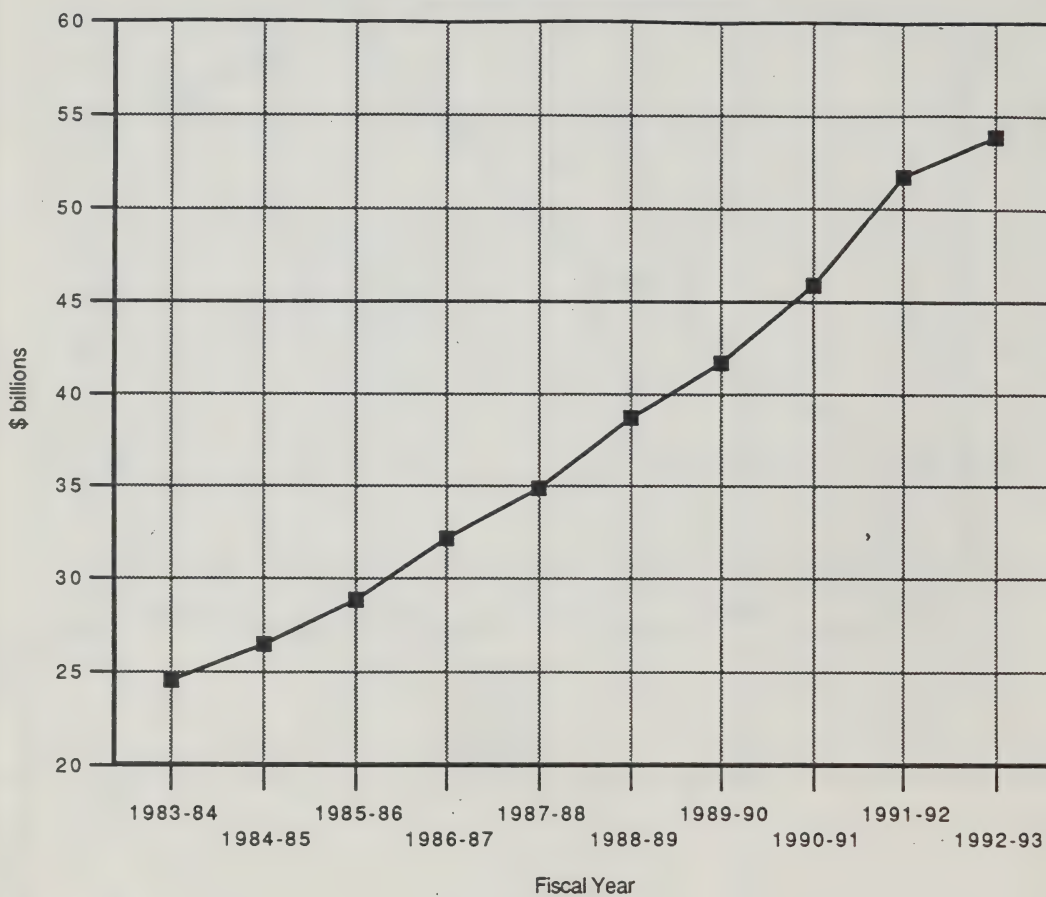


FIG. 7

Inflation rate vs. government spending

% change

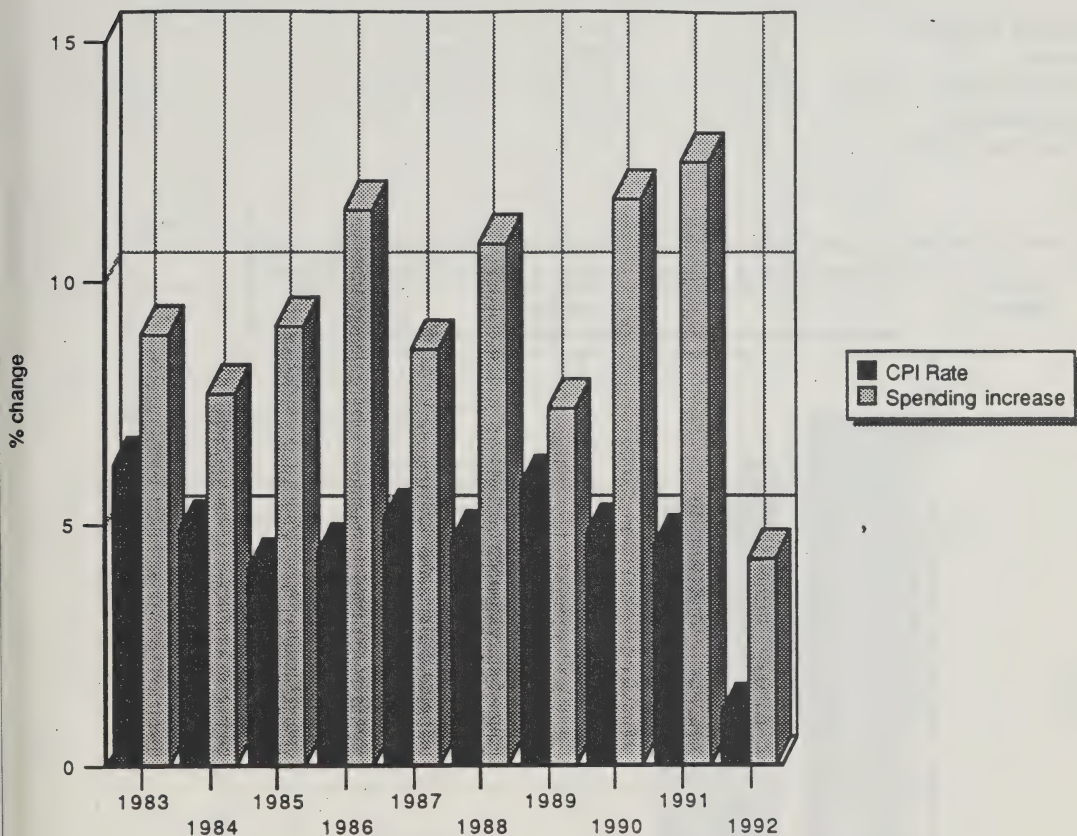


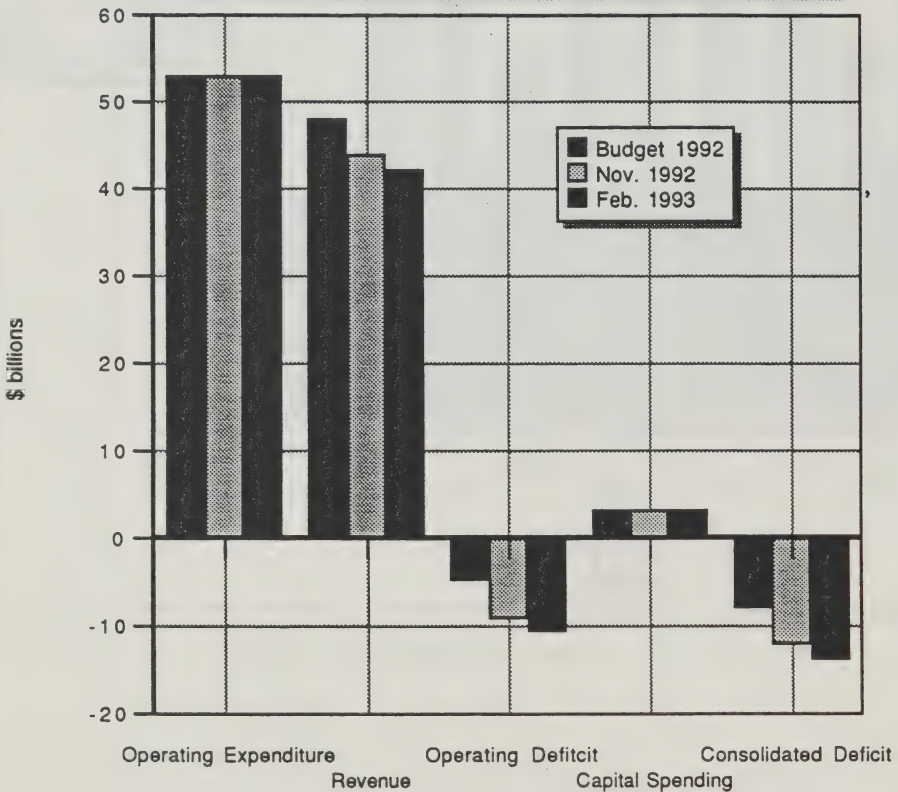
FIG. 8

The Evolution of the 1993-94 Fiscal Plan
\$ billions

	1992 Budget	Nov. 92	Feb. 93
Operating Expenditure	53.0	53.0	53.0
Revenue	48.0	43.8	42.2
Operating Deficit	-5.0	-9.2	-10.8
Capital Spending	3.1	3.1	3.1
Consolidated Deficit	-8.1	-12.3	-13.9

FIG. 9

The Evolution of the 1993 Fiscal Plan
\$ billions



Ontario Welfare Caseloads

Annual Ave. 1983 to 1992

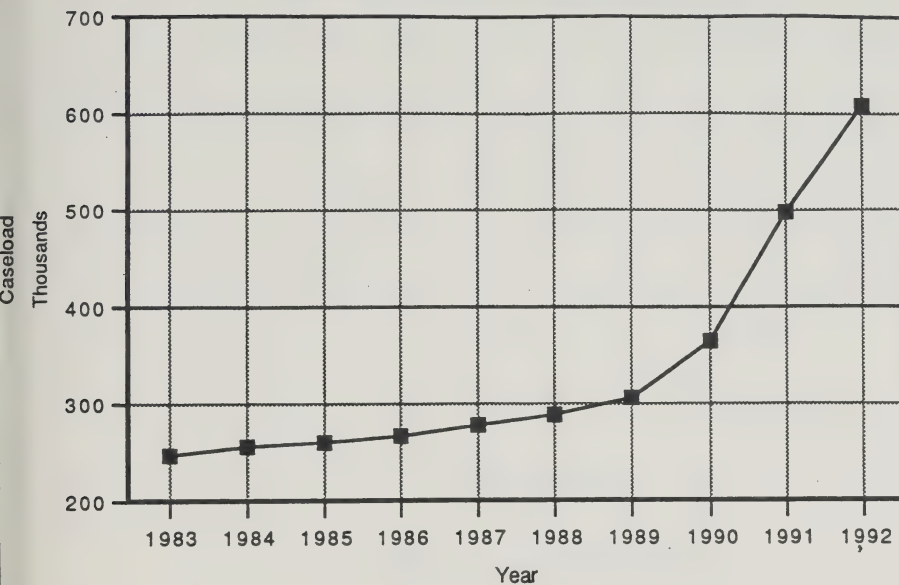


FIG. 10

APPENDIX C

Summary of Recommendations:
Pre-Budget Consultations 1993

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INTRODUCTION

This summary has been prepared to assist members of the Standing Committee on Finance and Economic Affairs in deliberations on their 1993 pre-budget recommendations. It briefly summarizes the recommendations contained in oral and written presentations made to the Committee during the months of January and February, and most of those made and/or received on March 8 and 9, 1993. Members wishing more detailed information on a particular presentation are referred to the original brief.

A list of those presenters whose recommendations are included is found at the end of the document.

TRANSFER RECIPIENTS

Municipalities

- We recommend that the province provide additional matching funding for infrastructure projects, and expedite any initiatives that support infrastructure enhancement.

(AMO)

- We recommend that the provincial government commit to the continuation of disentanglement or a similar process until such time as both the province and AMO agree that all relevant issues have been dealt with satisfactorily.

(AMO)

- We recommend that the province expedite the implementation of measures currently under consideration which would improve the system of municipal revenue generation.

(AMO)

- We recommend that the province should not proceed with the issuance of new statements of government policies which will only further confuse, complicate, and potentially lengthen the existing planning process, slowing economic recovery.

(AMO)

Program Funding

- We recommend that, to the extent that changes in program funding relate to municipal government, municipalities be consulted and agreement be reached.

(AMO)

- We recommend that the province not reduce or cap program funding where such a reduction or cap merely transfers some or all of that cost to municipalities.

(AMO)

- We recommend that any new programs must be accompanied with funding commensurate with their ongoing cost. The introduction of such programs must be the subject of meaningful consultation and subsequent agreement. For purposes of acceptability and sustainability, the benefits of the programs must outweigh the costs.

(AMO)

Transfer Payments

- We recommend that the province provide municipalities with a three-year announcement of unconditional transfers on an ongoing basis.

(AMO)

- We recommend that the province honour its earlier commitment to increase transfers by 2% in 1994.

(AMO)

- We recommend that unconditional transfers in subsequent years be increased at a rate sufficient to meet increases in provincially-mandated, municipally-administered programs.

(AMO)

Universities

- The University Research Incentive Fund has been a real success according to a recent assessment. We would urge that this program not only be continued but that it be enhanced. Similarly, the Centres of Excellence have produced important advances. We need to foster more of this innovative action.

(COU)

- We urge the Committee to recommend programs to facilitate the reduction of barriers to mobility in the educational system in order to allow people in this province to enter or re-enter the system at different points, consistent with their needs, with a maximum of efficiency.

(COU)

- We urge the Committee to promote incentives for high quality education in crucial fields like science, engineering and advanced technology, and to reduce the stifling levels of regulation being applied to universities. This would, for example, provide universities with broader capacity to find alternate sources of revenue.

(COU)

Funding

- Higher education plays a critical role in economic and social recovery. Underfunding of the system threatens quality, access and equity.

(OCUFA)

- With respect to funding, we suggest that the Committee recommend that the 2% that was promised this year be placed in base funding and that the 2% that was promised for the third year be put in as well.

(OFS)

- Post-secondary education should be funded through a 3% corporate tax and a more graduated or progressive income tax system. If the government feels that it cannot raise money through tax revenues at this time, it may be more far-sighted to go further into debt and invest in post-secondary education.

(OFS)

Student Assistance

- We urge the Committee to recommend to the Minister of Finance a more vigorous pursuit of income contingent repayment as a means of flowing more resources to the universities in a manner that will allow us to maintain our already demonstrably admirable levels of accessibility.

(COU)

- We strongly oppose any shift in student assistance from grants to loans. High student debt expectations deter all students but especially women and those from traditionally underrepresented groups.

(OCUFA)

- The government would do much better if it spent its time lobbying the federal government to restore Essential Program funding (EPF) to its former levels than entering into negotiations with the federal government to move to a complete income contingent loan repayment plan.

(OFS)

Community Colleges

- We need a major extension of and investment in the college system. It is where we have put applied learning and generic skills together most effectively.

(COR)

Schools

- The educational system should continue to be funded from provincial grants and property taxes. The provincial share of funding should increase.

(OSSTF)

- The reporting of increases for education should reflect the actual change in funds by category and total budget.

(OSSTF)

- All students, regardless of age, and all secondary credits should be funded in the same manner.

(OSSTF)

- The provincial government should, in cooperation with school boards and employer groups, implement a confederated school board system guaranteeing public, denominational and linguistic rights.

(OSSTF)

- The provincial government should introduce legislation mandating all coterminous school boards to establish joint committees to implement a joint service delivery of locally determined education programs and services.

(OSSTF)

- The provincial government, in concert with the federal government, should devise a corporate surtax to serve as an incentive to industry for retraining and training in such a way that every dollar spent by industry on training and retraining may be recouped from the revenue generated by the surtax.

(OSSTF)
- The capping of operating support to education must be accompanied by flexible collective bargaining processes to allow school boards to adjust negotiated contracts.

(OPSBA)
- There must be a reassessment of all mandatory and discretionary education programs with the intent of setting government priorities to match available resources.

(OPSBA)
- As sufficient operating support to education has not been provided to implement program reform and new mandatory programs, public school boards must be allowed to phase-in these new policies and programs *in accordance with local needs and ability to pay* (italics in brief).

(OPSBA)
- We recommend that the *Municipal Act* and the *Education Act* be amended in the up-coming session of the Legislature to provide for the equitable sharing of provincial payments-in-lieu of taxes between municipalities and school boards.

(OPSBA, OSSTF)
- The findings of the Fair Tax Commission, particularly those of the Property Tax Working Group, should be applied to tax reform in Ontario as soon as possible. The burden of education funding should be shifted to a more progressive tax base.

(OPSTF)
- The government should decelerate the curriculum reform process during this period of fiscal restraint.

(OPSTF)

Assessment

- The pooling of property assessment should be considered only in conjunction with the establishment of confederated school boards.

(OSSTF)

- We recommend that the *Education Act* and the *Municipal Act* be amended in the up-coming session of the Legislature to revise the payment schedule to ensure a more realistic transfer of education property tax dollars to school boards.

(OPSBA)

- The government should establish a province-wide mill rate for commercial and industrial assessment for educational purposes. The resulting tax revenue should be pooled and realistic grant ceilings (levels of expenditure approved for provincial support) should be established and supported by the pooled funds, provincial grants and residential tax revenues.

(OSTC)

- The provincial government should increase its share of education funding as its revenues increase in order to reduce pressure on the local property tax base.

(OSTC)

- The average household income for residential ratepayers should be factored into an equalization formula for educational grant purposes.

(OSTC)

Block Grants

- Special education in all its forms should be funded as a separate grant on a program basis and no longer be funded in the basic block grant.

(OSSTF)

- The block grant for administrative costs should contain a formula which generates funding and personnel for the positions of board supervisory officers, trustees and directors based on student population.

(OSSTF)

Capital Grants

- School boards should be mandated to establish long-term plans for capital construction and reserves for long-term cost items which are clearly identifiable and non-transferable.

(OSSTF)

- We recommend that the capital grant program be revised this year to:
 - achieve administrative efficiencies and cost-savings;
 - provide a clear and acceptable provincial process of allocating funds to school boards, not individual schools; and
 - provide for local flexibility and innovation.

(OPSBA)

- The provincial government should continue its multi-year commitment of \$300 million per year in capital funding for school boards for new pupil places and school renovations. Additional funds for school replacements should be allocated from the provincial capital works programs as such programs are developed.

(OSTC)

Child Nutrition

- The government should assume a leadership role in the establishment of a child nutrition program, recognizing the long-term benefits of such a program.

(OPSTF)

- The province should make funding available for school meal programs and nutrition counselling.

(FWTAO)

Flow-Through Funding

- Flow-through funding should be provided by the ministries of Community and Social Services, Citizenship, and Transportation to provide child care facilities in schools, citizenship and heritage language programs, and driver education.

(OSSTF)

- The Ministry of Health should provide flow-through funding to boards to provide for health support to students with special needs, AIDS education, drug education, nutrition education, vision and hearing testing, etc.

(OSSTF)

Integration of Services

- The government should move to integrate services provided by the ministries of Education, Health, and Community and Social Services, wherever feasible, in order that significant cost-savings can be realized.

(OPSTF)

- We believe that the co-ordination of services may be a better use of current resources and has the potential to help children in need develop socially, emotionally and educationally.

(FWTAO)

Professional Support Staff

- The ministries of Culture, Tourism and Recreation, Community and Social Services, and Health should provide flow-through funding to boards to ensure the presence of professional support staff in boards. The numbers of personnel needed should be determined and funded in a similar fashion to the compensatory grants concept presently in use for funding education.

(OSSTF)

- The Ministry of Education should amend the *Education Act* to mandate the presence of professional support staff.

(OSSTF)

- Provincial funding should be made available for the employment of health care professionals in schools.

(FWTAO)

Hospitals

- We urge the government to continue to support the modified global budget approach to hospitals, as recommended by the Premier's Council on Health. This allows for flexibility in hospital funding that gives the government the carrot to encourage further hospital improvements.

(OHA)

- The Workers' Compensation Board (WCB) has recently adopted a policy direction which would force placement employers with training program participants to pay WCB assessments. We ask for the Committee's support in pressing the WCB to reverse this ill-considered decision.

(OHA)

- We have urged the government to clarify its commitment to fully fund the cost of implementing pay equity. There is deep concern about the ability of hospitals to absorb the potential retroactive cost implications, particularly in light of current budget constraints.

(OHA)

- Proposed Ministry of Labour regulations for health care facilities under the *Occupational Health and Safety Act* will have an estimated one-time operating impact of \$88 million for Ontario hospitals. It is our hope and expectation that associated costs would be fully funded by the government or that there would be a gradual sequencing or phasing in of the regulations.

(OHA)

- The Hospital Training and Adjustment Panel (HTAP) was created last year. HTAP represents an alliance of labour and management. It is doing its best to cushion the impact of restructuring the workforce, specifically in the hospital sector on a short-term basis. The Ontario Training and Adjustment Board (OTAB) is a more comprehensive effort to make job retraining in all sectors more effective by meeting local needs. We hope that hospitals will eventually be able to access OTAB programs.

(OHA)

ECONOMIC AND FISCAL POLICIES

- Part III of the *Development Charges Act* should be repealed.

(OHBA)

- There should be substantial cuts in government spending.

(OHBA)

- The government should reduce and rationalize regulation as a means of supporting economic development.

(OHBA)

- Broad public policy decisions on such topics as the environment and rent controls should be reviewed with a degree of practicality.

(CIBPA)

- We implore the government to review all programs to ensure they are serving the purpose for which they were originally intended.

(CIBPA)

- The government of Ontario has had its own bank, the Province of Ontario Savings Office, since 1921. The Office now has \$2.1 billion in deposits and 23 branches throughout the province. It has 105,000 depositors owning \$1.4 billion in its Trillium chequing/savings accounts and some \$700 million in 40,000 GIC accounts. All the money deposited in the Office is lent to the government and is its cheapest source of loans. However, only 4% of the provincial debt is financed by the Office. Why cannot the government, as well as its agencies, move their money to the Office instead of banking with the private banks?

(CFCM)

- We caution against major reforms in property assessment pending more information on the impacts of changes on fairness and on the economy.

(ONGA)

- Government costs should be reduced, as deficits are future tax increases. The government should work with industry to reduce its total costs. It should not reduce these costs by passing them on to industry.

(OFIA)

- Government must become more efficient. Programs must be delivered in a manner that minimizes administrative costs so that program benefits are maximized.

(OFIA)

- Government-owned, controlled or regulated services must be exposed to the disciplines and rigours of competition.

(OFIA)

- The Ontario government relocation program should be cancelled. If local economic development is the objective, a more effective and empowering approach would be to provide named beneficiary communities with economic development funds to use at their own discretion.

(BTMT)

- The provincial government should cease to express its views on international trade agreements in international forums where the damage to Ontario's reputation as a place to do business is apt to be the greatest.

(BTMT)

- The competitive disadvantage represented by high levels of workers' compensation assessments in Ontario must be addressed by reducing the costs of claims and administration.

(BTMT)

- There should be an immediate stop to a parade of spending initiatives that waste money.

(OCC)

- The government should encourage banks and other major lending institutions to take a longer term view on real estate values and ease their current credit restrictions to new entrepreneurs.

(CIPREC)

- We ask the province to continue its efforts to announce its annual transfer payments to municipalities as early as possible.

(OGRA)

- With the virtual expiry of the Ontario current cost adjustment at the end of 1991, alternative incentives should be introduced to encourage capital asset addition programs in the province.

(BTMT)

- In order that Ontario's tax and user fee structure be competitive with other provinces and foreign jurisdictions, the province should take into account all the economic costs associated with new revenue proposals.

(BTMT)

- The province should issue an economic renewal plan which takes honest account of the government's own influence, in the form of taxes and legislation, on the cost of doing business in Ontario.

(BTMT)

- Probate fees and other fees outside the taxation system should not be used to raise revenue but should remain dedicated to funding administration costs only.

(BTMT)

Accounting Procedures

- The government should keep current operating expenditure down to 1.5%.

(White)

- We believe there has been too much emphasis placed on tax increases. More attention needs to be placed on expenditure control.

(ORA)

- A portion of budget revenues sufficient to retire debt incurred for capital investments should be placed in sinking funds each year.

(ONGA)

- The government should do whatever is needed to lower the current total deficit (capital and operating). A target for 1993/94 should be a 10% reduction.

(OHBA)

- All government departments and agencies should introduce the concept of zero-based budgeting, thereby eliminating the practice of spending all of the current year's budget in order to justify next year's budget requests. A five-year plan should be put in place which would require the government to balance the budget by the end of that time period.

(CIBPA)

- An expenditure-side equivalent of the Fair Tax Commission should be established. Outsiders would examine the ways in which public funds are spent and recommend ways to save money. Without such a group, there will be a continuing and gradual deterioration of how citizens perceive their tax dollars are being spent.

(CIBC)

- The Committee is asked to recommend a change in the province's accounting method from cash-based to accrual-based.

(CIBC)

- The foodservice industry believes it is imperative that the government strive to contain and reduce the provincial deficit.

(ORA)

- We feel very strongly that this administration must emphasize the job creation aspect of the equation to achieve any substantial reduction in the deficit.

(ORBA)

- Government accounting procedures should reflect the true fiscal position of the province, and not allow techniques such as deferring costs and off balance sheet accounting.

(OFIA)

- The government's operating budget should be balanced within three years, with no net tax increases.

(ONGA)

- Once the government's account is balanced, funds should be set aside from operating revenues to pay off, over a 15 to 20 year period, that portion of the existing debt reasonably attributable to the accumulated operating budget deficit.

(ONGA)

- If the operating budget subsequently runs two consecutive annual deficits once it has been balanced, the level of operating spending should be automatically frozen until the deficit and any borrowing connected with it are eliminated.

(ONGA)

- Capital depreciation should be charged to the operating account.

(BTMT)

- The province needs a truly clear set of books so that the people of Ontario can actually understand the province's financial position.

(OCC)

- We recommend that the government initiate a further round of cuts to current operating expenses totalling between \$1 billion and \$2 billion in each of the next two fiscal years. These savings should be matched with equivalent increases in capital spending.

(COCA)

Bartering

- We would like the government of Ontario to investigate and endorse LETS (Local Employment and Trading System). We would like funding for a pilot project to prove once and for all that the idea is viable. More than that, we would like the government to set up an education and resource centre.

(LETS)

Capital Spending

- If the government is going to proceed with capital expenditures, it should be made clear that there will be additional revenues coming in to pay for them.
- (DRI)
- We urge the province to demand that the federal government exercise its constitutional powers and compel the Bank of Canada to create meaningful sums of money. These would be loaned interest-free, or at the wartime levels of 0.37% to 1%, to provinces and municipalities to pay for the new infrastructure programs needed to end this depression.
- (CFCM)
- The commitment made by this government to maintaining and improving the province's infrastructure, and to supporting economic renewal and growth, should be continued.
- (OPSTF)
- We recommend that the government give the highest priority to interim pilot projects that will begin building in the critical 1993 to 1994 period. We will assist the government in identifying, planning and starting these projects. The emphasis is on getting started immediately.

(COCA)

- We recommend that the government invite members of the construction industry to participate in a permanent advisory committee to provide private sector input into strategic capital priorities.

(COCA)

Casinos

- The foodservice industry supports the introduction of casino gambling in Ontario as long as it is initiated to generate increased tourism. To ensure the proper casino design is adopted, we encourage the government to enhance its consultations with key stakeholders in Windsor as well as throughout Ontario.

(ORA)

Crown Corporations

- Public agencies to build and maintain roads and highways, and sewer and water works should be established provided they are not monopolies and are required to recover all their costs through user fees.

(OHBA)

- The government should not hold land for investment or future development.

(OHBA)

- New Crown corporations, such as those announced recently, should not be established because they represent opportunities to incur more debts and financial commitments. However, if the government insists they be established, two things must result:
 - present government revenues, such as gas taxes or water taxes, should go to those agencies to finance their operations. Those taxes would then be removed from the government's general operating revenues; and
 - the legislature should pass legislation which requires these agencies to operate a balanced budget on an actual cash basis with no exceptions or off balance sheet financing. This will prevent these agencies from incurring debts which will then require new debts be incurred to fund the cost of financial obligations.

(CIBPA)

- Our only caveat in the formation of the Transportation Capital Corporation would be that the government ensure that Ontario contractors, who over the past many years have built and maintained the first rate infrastructure highway

and road system in this province, be guaranteed that they will be in the forefront of this development.

(ORBA)

- The proposed Transportation Capital Corporation should acquire all abandoned railway lines by purchase, expropriation or lease and hold them for future interurban rail services. The Corporation should plan and implement province-wide systems of express transit lanes on existing highways and roads. We also believe the Corporation should plan and implement a province-wide system of rail lines. This would involve developing tracks and managing a system of railways to be provided for rail operators, much in the same way as provincial highways are made available to their users. A comprehensive public education program and campaign would ensure the introduction of these measures.

(EPT)

- The Ministry of Finance should consolidate the provincial portion of the new capital corporation's spending as well as the public share of their debt into the provincial budgetary accounts.

(BTMT)

- We recommend that the government invite members of the construction industry to participate on the boards of directors of the three new Crown corporations.

(COCA)

- We endorse the introduction of toll roads. Our support, however, is conditional on many of the items already identified in the provincial policy. Only new roads should be considered for funding by the use of tolls. There must exist an alternate route for motorists to use that would not require the payment of tolls. All money collected must be dedicated for expenditure on the capital and administrative costs of that roadway. When the capital costs of the road are paid off, the tolls must be removed. The introduction of tolls must not be used by the government as a reason to reduce the present funds spent on roads. We also maintain that a dedicated fuel tax is a practical and palatable way of funding road projects.

(OGRA)

- When the provincial government passes legislation to create provincial toll roads, the legislation should be permissive enough to allow municipalities to implement this and any other new funding system for municipal roads.

(OGRA)

Disentanglement

- Greater coordination is needed in the operation of government programs (federal, provincial and municipal) so that duplication and waste is eliminated among programs that either duplicate services or work at cross purposes.

(CIBPA)

- Under the proposed phase 1 of the disentanglement agreement, approximately 2,100 kilometres of provincial highways will be transferred to upper tier municipalities in southern Ontario. The dollar savings from this transfer will be deducted from funds allocated to the Ministry of Transportation. We believe that it is imperative that there be no further reduction of funds to the Ministry following the implementation of Phase 1. Investment and maintenance of both provincial and municipal roads infrastructure must remain a priority in the allocation of funds by the Minister of Finance.

(OGRA)

- While we support the overall intent of disentanglement, that support is contingent on fiscal neutrality for each municipality. We have recommended that our concerns be reviewed and the fiscal implications resolved. Municipalities impacted by the issues must receive appropriate "credits" to ensure fiscal neutrality.

(OGRA)

- The government should take a leadership role in disentanglement discussions to encourage the development of more equitable taxation systems, particularly at the provincial and municipal levels.

(CIPREC)

Federal-Provincial Relations

- The Ontario government must join with the federal government to stimulate the economy with tax cuts. The economy should not be suffocated with tax hikes and skyrocketing deficits.

(White)

- Closer cooperation between the province and the federal government in the areas of labour force development, social assistance reform, and tax and fiscal policy coordination is needed.

(BTMT)

- The provincial government should be a strong advocate for the creation of a common market in Canada for the free movement of goods, services, labour, and capital.

(BTMT)

Transfer Payments

- Ontario should continue to press the federal government to remove existing caps on transfers to the provinces, recognizing the extent to which this province has been hit by the current recession.

(OPSTF)

- The provincial government should request that the federal government apply the same constraints on Canada Assistance Plan transfers to all provinces.

(BTMT)

- The provincial government should seek to initiate a federal-provincial process to determine which level of government should assume both funding and administrative responsibilities for the programs which federal transfer payments currently finance.

(BTMT)

Market Value Assessment

- We urge the provincial government to continue to insist that a fair and equitable market value assessment system be developed. The appropriate time should be taken to research alternatives or modified approaches that will be fully debated, in public, at both Metro council and the provincial level.

(CIPREC)

Productivity

- We recommend the following actions for improving productivity to the government:
 - keeping to an absolute minimum the number of new regulatory measures that increase business costs;
 - placing a priority on private sector R and D in Ontario by foreign-owned firms;
 - supporting measures to improve Ontario's energy security and energy options that lower energy costs and help the environment;

- continuing to support worker retraining and skills development, and work to secure improved federal-provincial trust and relationships in this very critical area;
- promoting a positive and attractive environment for business; and
- examining whether or not enough is being done to promote Ontario-produced goods and services and to sell Ontario as a location of choice for new investment.

(ONGA)

Public Sector Wages

- The government should introduce pay equity into the broader public sector only within a framework that takes account of the need to bring average public sector salaries down in line with private sector salaries. (Public sector salaries account for 48% of total government spending. Private sector salaries are, on average, 12% lower.)

(BTMT)

- There should be an immediate across the board wage cut of 2% for all public sector employees. This should be followed by cuts of 4% in each of 1994/95 and 1995/96.

(OCC)

TAXATION

- Taxes should be decreased, not increased. Canada and Ontario are not competitive vis-a-vis their principal competitors.

(OFIA)

- The government should continue its efforts, such as those through the Fair Tax Commission, to disentangle and restructure the tax system so as to produce a fair and equitable system that does not discourage investment and maintains Ontario's competitiveness.

(CIPREC)

- The *Municipal Interest and Discount Rates Act* should be amended to make it mandatory for all municipalities to pay interest on tax refunds which result from a successful assessment appeal or on any other occasion where a taxpayer has involuntarily made tax overpayments.

(BTMT)

- As the incidence and cost of reclamation activities and site clean-up grow, a satisfactory mechanism should be provided under the *Corporations Tax Act* and the *Mining Tax Act* for matching income and expenditures as is now required under generally accepted accounting principles in Canada.

(BTMT)

- We caution against major tax reforms at this juncture and recommend that future changes be incremental and as revenue-neutral as possible so as to avoid damaging the economy.

(ONGA)

- We strongly urge that there be no tax increases in the 1993 budget.

(OTA, OHBA)

- Since corporate taxes account for only \$13 billion in government revenues, we believe generous tax credits will be more effective than government expenditures. They will have no discernable impact on government revenues.

(CIBPA)

- We believe that personal and corporate tax rates be itemized with respect to the programs they are intended to fund. We believe this will bring a greater amount of accountability in government spending since increases in component rates, caused by increased spending, will have to be justified. It will force programs to operate to the revenues which are raised.

(CIBPA)

- There should be a freeze on new taxes and tax rates. This would permit the private sector the chance to start generating the economic activity that will produce more total tax revenue.

(OCC)

Business Occupancy Taxes

- We recommend that further discussion and research on business occupancy taxes should take place before any change is made to the current system.

(CIPREC)

Commercial Concentration Tax

- In order to ensure fairness for all manufacturing and processing operations, and to ensure hospitality establishments can remain competitive, the

foodservice industry strongly recommends the removal of the commercial concentration tax from hotels and foodservice establishments in the Greater Toronto Area.

(ORA)

- The commercial concentration tax should be abolished. It is a highly discriminatory tax based solely on physical criteria without regard to the value or character of the asset being taxed.

(BTMT)

- The commercial concentration tax should be abolished.

(CIPREC)

Corporate Taxes

- Subsection 11(5) of the *Corporations Tax Act*, which disallows 5/15.5 of management fees, rents and royalties paid by an Ontario corporation to a non-resident with whom it deals on a non-arms' length basis even where such charges are at market rates, should be repealed.

(BTMT)

- A corporate minimum tax would make Ontario's tax system less competitive with other Canadian and American jurisdictions.

(BTMT)

- Ontario should adopt a definition of "permanent establishment" in the *Corporations Tax Act* that is similar to that contained in the Canada-U.S. tax convention.

(BTMT)

- A more logical allocation of taxable income, in the case of a corporation that is a member of a partnership, would be to provide, for the purposes of Regulation 301 under the *Corporations Tax Act*, that the partnership's "taxable" income be allocated separately under Regulation 302 among provinces in which the partnership has a permanent establishment.

(BTMT)

- We trust that considering the heavy tax burden the real estate industry carries and the impact of the recession on operating revenues and real estate values, the government will not add to the industry's financial problems by introducing a corporate minimum tax.

(CIPREC)

- We recommend that the government design any new corporate taxes with exemptions, rates and other provisions that will protect the large number of financially vulnerable businesses that will be needed to supply the province's new infrastructure.

(COCA)

Employer Health Tax

- We recommend that the employer health tax be abolished and replaced with a system of health premiums. We also recommend the premium have a deductible feature whereby a person or family can elect a lower premium with a deductible or a higher premium with no deductible.

(CIBPA)

- The mechanism by which the employer health tax is applied to the self-employed should be amended to achieve horizontal equity.

(BTMT)

Fair Tax Commission

- We recommend that the changes proposed by the Women and Taxation Working Group on the Fair Tax Commission should be jointly reviewed by the federal and provincial governments.

(ONGA)

- We recommend that the report of the Fair Tax Commission address the issue of the impact of taxation on the ability of Ontario's commercial and industrial sectors to survive and grow in an increasingly cost-competitive global economy.

(ONGA)

Land Speculation Tax

- A land speculation tax should not be introduced. The concern of members of the Fair Tax Commission's working group who supported a land speculation

tax would best be met by means other than taxation, in particular by examining land use planning.

(BTMT)

Land Transfer Tax

- The land transfer tax should be overhauled. Rates should be reduced so as to restore it to being a user tax to finance the cost to government of land registration.

(BTMT)

Payroll Taxes

- To encourage job creation and limit the impact of regressive payroll taxes on small business, the foodservice industry encourages the government not to increase the overall rate of payroll taxes and to introduce a \$500,000 payroll exemption for small business.

(ORA)

- The foodservice industry is strongly opposed to the imposition of any new payroll taxes, including a payroll tax to fund training under the Ontario Training and Adjustment Board.

(ORA)

- We recommend that the government design any new payroll taxes with exemptions, rates and other provisions that will protect the large number of financially vulnerable construction businesses that will be needed to supply the province's new infrastructure.

(COCA)

Personal Income Tax

- We would encourage general personal income tax rate reductions. We strongly urge the government to refrain from make-work or capital spending projects which will benefit a few narrow industries and their workers. The benefits of such programs are short-lived. The money for such projects would be better spent, if at all, for the benefit of all Ontarians through general tax decreases.

(CIBPA)

Retail Sales Tax

- There should be no relative shift toward sales taxes as a revenue source as compared to other tax bases. We encourage the government to maintain its goal of the eventual elimination of the retail sales tax (RST). However, recognizing the current financial situation of the province, not increasing the RST should be the short term goal.

(ORA)

Tax Harmonization

- Ontario must harmonize its retail sales tax with the federal goods and services tax, while maintaining revenue neutrality, and then enter into a joint collection agreement with the federal government and the other provinces.

(BTMT)

- The provincial sales tax should be harmonized with the federal GST.

(CIPREC, DRI)

Tobacco Taxes

- It is imperative that tobacco taxes be rolled back to prevent further escalation of contraband products which erode the financial contribution to the economy of those legally involved in the tobacco industry.

(OFTG)

SECTORAL ISSUES**Agriculture**

- In order to meet the requirements of all of our industry stakeholders, we recommend the closure of the Ontario Public Stockyards.

(OPLAMO)

Alternate Fuelled Vehicles

- We recommend that the provincial government, in association with the federal government, permit purchasers of after-market converted mono-fuelled alternate fuelled vehicles to accelerate the rate at which they write those vehicles off from the life of the vehicle to a maximum of three years.

(PGAC)

- We recommend that the provincial government, in association with the federal government, permit purchasers of after-market converted dual-fuelled alternate fuelled vehicles to accelerate the rate at which they write those vehicles off from the life of the vehicle to a maximum of four years.

(PGAC)
- The province should establish and announce a vehicle purchasing policy which favours mono-fuelled original equipment manufactured (OEM) vehicles produced or after-market converted alternate fuel vehicles.

(PGAC)
- In association with the federal government, the province should permit purchasers of mono-fuelled OEM produced alternate fuelled vehicles or mono-fuelled OEM authorized conversions to accelerate the rate at which they write those vehicles off from the life of the vehicle to a maximum of two years.

(PGAC)
- Alternative transportation fuels (ATF) competency should be made a part of the training and certification of vehicle mechanics in Ontario.

(PGAC)
- We recommend that the government establish a series of assistance programs which will encourage innovative and flexible small and medium sized companies to perform research, development and demonstration projects designed to enhance the commercial viability of the desired alternate fuels technologies.

(PGAC)
- The government should enact "Good Samaritan" legislation to encourage qualified personnel to assist in handling emergency situations involving alternate fuels as one of a group of "Dangerous Goods."

(PGAC)
- The province, in association with the federal government, should permit alternate fuels refuelling industries to accelerate the rate at which they write-off their infrastructure investment costs for tax purposes, from the life of that infrastructure to a maximum of three years. This category of write-offs should be sufficiently flexible to allow for upgrading and modernizing the

existing alternate fuels refuelling infrastructure consistent with changing technology and life cycle emissions standards, as well as the more rapid write-offs of capital costs associated with the existing ATF refuelling infrastructure.

(PGAC)

- We recommend that the government establish a regulatory environment which eliminates the cumbersome process which OEMs must use to have alternate fuelled vehicles approved for sale.

(PGAC)

- The provincial government should, in association with the federal government, permit purchasers of dual-fuelled OEM produced alternate fuelled vehicles to accelerate the rate at which they write those vehicles off from the life of the vehicle to a maximum of three years.

(PGAC)

Taxation

- We recommend that the government offer a retail sales tax rebate for all alternate fuelled vehicles which is the same for all such vehicles. An administratively simple period of eligibility of one year for obtaining this rebate would allow industries the flexibility to more effectively market their products.

(PGAC)

- We recommend that the government either eliminate the road tax on propane or place a BTU-equivalent road tax on all other alternate fuels equal to that charged on propane.

(PGAC)

Convenience Stores

- We recommend that the government bring in commercial rent control as a form of legislated relief for convenience store owners.

(OCSA)

- Municipalities should be prevented from imposing licensing and other cost burdens.

(OCSA)

- The provincial government will collect approximately \$32 million in retail sales tax from our stores in 1993. The government should return the \$15 million profit lost because of Sunday shopping to the stores that are still operating by removing or increasing the ceiling imposed on commissions to convenience store owners for collecting the retail sales tax.

(OCSA)

- An increase in the commission for lottery ticket sales, that currently averages 5% of all sales, to a commission of 8% would increase our revenues by \$3,900 per store on average with no additional increase in expenses. While this would not replace the revenue lost to Sunday shopping, it could double our low net profit margins.

(OCSA)

- Because the right to sell beer and wine in our stores is such a viable solution to all our problems brought about by Sunday shopping, we feel that it should be given particularly careful consideration.

(OCSA)

Culture

- In recognition of the severe fiscal constraints facing the Ontario government, we propose that in 1993/94 the government maintain base funding for the Ontario Arts Council at the same level as 1991/92 (\$43,542,884) which would include re-instatement of the 1% cut to base funding in the fiscal year 1992/93. Any reduction in base funding could severely limit our ability to support employment, creativity and artistic output in Ontario's cultural sector.

(OAC)

Distilleries

- We recommend that the government announce its commitment to the principle of fairness and equality in the taxation of beverage alcohol products in the next budget.

(ACD)

- We recommend that the government closely examine the alternatives identified by the task force established to examine a more equitable tax structure for beverage alcohol products. In the next budget, it should announce the adoption of the alternative which is believed to be most acceptable at this time and which would lead to a level playing field over a period of three to four years.

(ACD)

- We recommend that the government continue to work with us to identify other ways to enhance the viability of the spirits industry, while promoting socially responsible attitudes towards the consumption of beverage alcohol products.

(ACD)

Foodservice Industry

- The government must take a leadership role and accelerate changes to Canada's supply management system. It should implement competitive wholesale pricing of dairy and poultry products sold to the restaurant industry. A structural and planned implementation strategy will also ensure that agricultural producers are not "forced", in a short span of time, to adjust to external trade decisions.

(ORA)

- The government must take a leadership role and negotiate the elimination of remaining interprovincial trade barriers, particularly on beer, wine and supply-managed agricultural products, in order to improve the competitiveness of the foodservice industry.

(ORA)

- The provincial government should act as a broker bringing together financial institutions and industry associations to increase access to investment capital. The government should also expand the responsibilities of the Ontario Development Corporation to include foodservice and accommodation establishments which have a proven solid record and are only facing temporary difficulties.

(ORA)

- The introduction of video lottery terminals represents a double benefit to Ontario. It would provide the government with a significant amount of non-tax revenue. Terminals placed in licensed establishments would provide the hospitality industry with a competitive advantage in border regions and encourage American cross-border travel to Ontario.

(ORA)

- The foodservice industry calls upon the government to place a minimum pricing structure at the consumption level, not at the wholesale level. This would improve Ontario's competitiveness in the general tourism marketplace

and address the operational needs of the hospitality industry. As market share shifts from home consumption to licensed establishments, the government could become the recipient of new tax revenue and increased employment.

(ORA)

- In order to permit Ontario's licensed establishments to compete fairly, changes to the hours of operation must be approved. Extending the hours of operation to 3 in the morning and changing the opening hour on Sunday to 11 a.m. would act as major economic stimulants within the tourism and hospitality industry. These changes would generate several thousand jobs throughout Ontario.

(ORA)

Taxation

- The government should not increase the level of taxation on beverage alcohol. It should instead focus its efforts on collecting the hundreds of millions of dollars which should be paid on the 25% of beverage alcohol sold in the underground market.

(ORA)

- The foodservice industry recommends the immediate elimination of the gallonage tax applied to licensees.

(ORA)

- We recommend a reduction of the 10% alcohol tax applied in licensed establishments to the standard 8% provincial tax rate.

(ORA)

- Because our competitors are not only located in Ontario, the government must be cognizant of the taxes affecting hospitality operators in other jurisdictions. We recommend that the Ministry of Finance undertake a comprehensive study and analysis of this situation.

(ORA)

- The federal Minister of Finance signalled his intention to ensure that provincial payroll and capital taxes would no longer be deductible for the purposes of determining federal income tax, in his 1991 budget. The budget outlined a mechanism to achieve this objective and proposed that it would be phased in over a three-year period commencing in 1992. This proposal was

delayed until the end of 1993. If adopted, it will have a severe impact on the foodservice industry. The realities and the cumulative impact of federal and provincial tax initiatives must be considered in the development of Ontario's budget.

(ORA)

- We call upon the ministers of Finance and Agriculture and Food to initiate a multi-stakeholder, comprehensive review of food taxation.

(ORA)

- The foodservice industry is very concerned about a proposal concerning the implementation of a food handling permit or licensee fee which is being examined by the government. It should avoid all "job taxes" or "head taxes" because they undermine job creation.

(ORA)

- The elimination of the \$4 retail sales tax exemption on prepared foods would have a severe impact on sales and employment in the foodservice industry. It would also negatively impact many sectors of Ontario society, including those individuals least capable of paying more taxes.

(ORA)

Transportation

- There should be a moratorium on the construction of new highways as part of a policy to reduce the number of automobiles. Funds should be diverted to public transportation improvements.

(EPT)

- Gasoline taxes should be increased in order to fund transit improvements and to discourage auto use.

(EPT)

- Transit-supportive land-use practices should be supported by legislation, including requirements for such things as minimal densities of 15,000 for green field developments.

(EPT)

- We recommend a reduction in municipal road grants.

(EPT)

- We recommend that the government adopt a target of an 80% reduction of CO₂ emissions. We also recommend that the province strengthen its emission standards and enforcements for cars and trucks and that it adopt California-like emission standards.

(EPT)

Trucking

- We advocate the introduction, under certain conditions, of tolls to accelerate the construction of certain new highway projects, such as Highway 407.

(OTA)

- We recommend that a carbon fuel tax not be introduced. It would have a severe negative impact on competitiveness and limited environmental benefit.

(OTA)

- We believe that a weight-distance tax is regressive and administratively abhorrent for carriers and government. We note that most American states that had such a tax have now repealed them.

(OTA)

- We call for the introduction of investment tax credits, accelerated depreciation and a lower provincial sales tax to encourage investment in newer, more productive, efficient and environmentally-friendly trucking equipment.

(OTA)

- We urge the government to roll-back the excessive 3.4 cents per litre diesel fuel tax increase, introduced in the 1991 Ontario budget. (The second instalment of 1.7 cents per litre came into force January 1992.) It should be noted that Quebec recently reduced its diesel fuel tax rate by 2.2 cents per litre.

(OTA)

- On equality and legal grounds, the trucking industry should be exempt from paying the provincial tire tax.

(OTA)

Utilities

- There are two areas of hidden taxation where rate reductions could be easily accomplished. The first is the water-rental charge, the fee the government places on the water that passes through Ontario Hydro's turbines. The second is the debt-guarantee charge the government introduced in 1990. Combined, these charges represent more than \$250 million that is being borne by our rate payers. If the government were to lift these fees, it would reduce Hydro's wholesale rates by as much as 3%.

(MEA)

- The government should rescind the policy granting 10-year holidays to new hydro-electric stations. Any holidays that have already been promised to Ontario Hydro should be revoked. Full water rents should apply to all stations.

(EP)

- Water rents should reflect the market value of the site. Since no one rent or formula can accurately apply to different sites, the rents have to be set case by case. The best way to do that would be to introduce a competitive market for hydro sites. Sites could simply be auctioned with the highest bid reflecting the value of the site.

(EP)

- We urge the government to renegotiate or, better yet, cancel its master agreement with Ontario Hydro.

(EP)

- Although rate hikes could be made more palatable by tax reductions, they would not be popular. Privatization of Ontario Hydro will avoid this problem. Opening up the grid to competition will bring rates down and also create companies willing to pay the full value of the hydro resource.

(EP)

SOCIAL ISSUES

Child Care

- The government should recognize parents as owning the sole responsibility for deciding who should care for their children.

(UVFTCC)

- We strongly urge the government to reverse its policy of shrinking the private sector. It should instead acknowledge the cost savings that sector delivers and the valuable contribution it makes to the community.
(UVFTCC)
- The government should redirect the \$75 million committed to converting private centres to non-profit to subsidy funding. Policies which discriminate against the private sector should be discontinued.
(UVFTCC)
- Wage enhancement programs to all child care workers should continue. This effective use of resources improves wages while helping to keep fees affordable for parents.
(UVFTCC)
- The provision of fee assistance should be directly linked to the child and not the centre.
(UVFTCC)
- Parents obtaining new subsidy funding should be able to choose from any centre that has a purchase of service agreement.
(UVFTCC)
- Proper needs assessments must be completed before capital funds are allocated for non-profit expansion. Incentives should be created to encourage sound financial management within the non-profit sector.
(UVFTCC)
- All new child care expenditures should be frozen until an audit of provincial child care spending has been completed by the Provincial Auditor.
(UVFTCC)
- All child care responsibilities should remain within the jurisdiction of the Ministry of Community and Social Services. Municipalities should continue in their role as local managers of child care.
(UVFTCC)

- Centres should continue to receive parental fee revenue and wage enhancement grants from the province. Base funding should not be instituted.

(UVFTCC)

- The government should allocate funds to increase parent education and promote good parenting skills.

(UVFTCC)

- Employers should be encouraged to become "more family friendly."

(UVFTCC)

- Parent-teacher organizations within individual schools should be encouraged to develop a list of nearby home providers who offer school aged child care.

(UVFTCC)

- Stay-at-home care should be supported as a recognized child care option.

(UVFTCC)

- The government should loosen the criteria for the allocation of jobsOntario subsidies, to provide additional child care spaces and funding for program development.

(OPSTF)

Children's Services

- The vulnerable children of Ontario need a service system that will prevent abuse and reduce risk, intensify services to children in their homes, and support well-trained, adequately compensated foster parents in their home communities.

(OACAS)

- In order to achieve a service system for vulnerable children, we must develop inter-ministerial strategies to create comprehensive services to children and families, and have access to a special fund and policy that promotes and supports prevention efforts in local communities.

(OACAS)

- The government must negotiate a new flexible funding formula to support the child welfare system, take 100% funding responsibility for the provision of services, and increase funding to CASs by \$22 million for 1993.

(OACAS)

Elder Care

- We urge the Committee to recommend the inclusion of the retrofitting of homes which still offer ward accommodation as a priority in the government's efforts to stimulate the economy through capital projects.

(OANHSS)

- We urge the Committee to strongly recommend that special matching capital grants be provided to multi-cultural groups which were awarded nursing home beds.

(OANHSS)

- We ask the Committee to insist on establishing compliance with new provincial legislation which affects the operation of transfer payment agencies including municipalities, as a principle of costing and funding.

(OANHSS)

- We urge the Committee to support the principle of fair treatment of residents in homes for the aged by honouring valid extended care certificates.

(OANHSS)

- We ask the Committee to recommend the suspension of capping provisions imposed on homes for the aged.

(OANHSS)

- We recommend that the province remove its cap on funding for homes for the aged and make a commitment that the new level of care funding formula, once implemented, should not result in any additional cost to municipalities.

(AMO)

Health Care

- We urge the government to persist with its support of a fairer and more democratic workplace where staff registered nurses have a vote.

(ONA)

- Legislation should be amended so that there is a provision for the same kind of open, accessible decision-making in the community health and long-term care sectors as we are now in the process of achieving in the hospital sector..

(ONA)

- We strongly urge that changes be made to the *Audit Act* which would make the health care system accountable for the enormous amounts of money which it receives from government coffers.

(ONA)

- We recognize the need of government to show fiscal restraint and at the same time we are acutely aware of the needs of our patients. Clearly, a balance must be struck. We urge the government as it sets the budget to remain sensitive to the health care needs of our society. We must be vigilant in that striving to contain costs we do not jeopardize the quality of the system that we have all worked so hard to establish.

(OMA)

- We recommend that hospitals be put on a profit basis and a zero-based budgeting basis.

(CIBPA)

- The provincial health plan should not cover out of country medical expenses.

(CIBPA)

Community-Based Services

- We call upon the government to develop a comprehensive financial strategy to reallocate resources to community-based services. We also ask the government to make a commitment to reallocate 0.25% a year for 10 years to shifting resources to community-based services.

(OPHA)

- A reallocation of resources will be reduced to rhetoric unless attention is given to disentanglement. The existing double jeopardy funding arrangement between municipalities and the province strikes at the heart of public health programs and services. This must be addressed in the context of health reform. We call upon the government to initiate negotiations with AMO within the next 12 months.

(OPHA)

- We recommend that the government support the healthy communities movement as a cornerstone of health reform in general and community health in particular.

(OPHA)

Drug System

- The most important contribution that this Committee could make is to recommend to the new Minister of Health the need for a partnership between her ministry and pharmacy that would allow better opportunities for more successful, long-term management of the drug system in Ontario. We also recommend that the Committee support Dr. Brian Segal's recommendation that the Ministry of Health and the OPA establish a joint consultative committee.

(OPA)

- A separate premium schedule should be implemented for drug plans and other special programs. This would allow users to elect whether they want to be covered for drug costs at an additional cost. Not all non-prescription drugs should be covered as they are not critical to maintaining health.

(CIBPA)

Medical Services

- One objective of the Framework Agreement reached in 1991 between the medical profession and the government is "to ensure fair and equitable compensation for physicians." We urge the government to remain faithful to the spirit of this objective. However, we would like to stress that doing so will in no way prevent the government from fulfilling its fiscal responsibility.

(OMA)

- Physicians fear that to help meet its budgetary objectives, the government intends to lessen the fee or price it pays for medical services. We feel strongly that this is not a viable solution to controlling health-care costs and that it would in fact be detrimental to the significant progress we have achieved in this area.

(OMA)

- We believe that fiscal responsibility and quality health care do not have to be mutually exclusive. They can be achieved by promoting the efficient delivery of medical services.

(OMA)

Housing

- No further approvals should be granted for the construction of non-profit housing projects.

(OHBA)

- The government should cancel all its uninitiated non-profit housing projects and complete only those which are currently under way. In the place of such projects, rent controls should be phased out to stimulate private construction and a system of direct shelter allowance payments to needy families introduced.

(BTMT)

- The need for publicly-financed housing should be offset and eliminated. Rent control should be removed and replaced with a supplemental rent subsidy or supplemental rent assistance.

(DRI)

- The government should terminate the existing non-profit housing program so as to cut its losses and ensure that tax dollars in the form of shelter allowances are only directed to those in genuine need of assistance.

(OHBA)

- Provincial support should be made available for a substantial increase in low-cost and non-profit housing.

(FWTAO)

- We recommend that the government continue to work in partnership with homesharing programs so as to continue to deliver accessible housing services.

(COHP)

- The Ontario Homesharing Program should be funded by the government in three year blocks, rather than through annual funding.

(COHP)

- We recommend that the government continue to fund housing programs and to work with municipalities to revise program guidelines in order that existing trust funds can be spent on meeting the demand for financial assistance for housing rehabilitation.

(AMO)

- If the government is interested in providing low-cost housing, it would be far more efficient and cost effective to provide accommodation payments rather than actual housing units. The government should consider converting a percentage of these existing units into co-operative housing and selling units to tenants. This, combined with a revised welfare program, or minimum income welfare program, would enable the occupants to obtain the housing stock without sacrificing any government assistance.

(CIBPA)

Interval and Transition Houses

- The alternative funding strategy developed for shelter operations should be implemented.

(OAITH)

- The provision of services for survivors of male violence should be legislated.

(OAITH)

- The important role played by shelters in their support of abused women and children should be recognized.

(OAITH)

- The government should recognize that protecting women and children from male violence must remain its top priority.

(OAITH)

- We recommend recognition of the cost of tolerating male violence. It far outweighs the costs of enhancing protection to and assistance for battered women and children.

(OAITH)

Poverty

- The province should recognize that child poverty is part of "the feminization of poverty." It should also act upon accessible, affordable child care; fully enforced pay equity; mandatory affirmative action; and better training opportunities for women.

(FWTAO)

- We recommend that you do not underestimate what can be accomplished in terms of a commitment for some kind of preference, some kind of place being acknowledged to people living in poverty, people struggling through this recession. Obviously, in the context of your deliberations, to give that kind of place any meaning has to be backed up by dollars.

(DBFB)

- We would like to encourage the Committee to recommend that the government reconsider its promise to eliminate the need for food banks.

(DBFB)

Social Assistance

- We urge the government to consider an additional increase to social assistance rates during the 1993/94 fiscal year.

(IMHCG)

- We ask the government to ensure that what is available for child and family services is spent effectively, efficiently and equitably across the province.

(FSPTF)

- We would like to see a commitment to defend and strengthen basic social services.

(CAP)

- Accessibility for persons with disabilities must be built into jobsOntario and OTAB from the beginning or else members of the disabled community will be excluded.

(IMHCG)

- Supplementary aid and special assistance should be taken over by the province as part of the disentanglement process. This could be done in time for implementation on January 1, 1994. If necessary, the province and AMO could re-open negotiations to consider whether municipalities should assume further responsibilities in other areas as a "trade-off" for this change.

(IMHCG)

- The \$2.5 billion spent on pensions to sole support parents could be significantly reduced by requiring participation in education, retraining and

eventual employment, and by eliminating the inequities that exist in the rules regarding co-habitation.

(Peel)

- The hundreds of millions of dollars spent by the province and municipalities supporting refugee claimants and sponsored immigrants could be reduced by negotiating changes to the federal government's administration of these programs.

(Peel)

- The use of an electronic funds transfer distribution system would streamline the administration of the social assistance program.

(Peel)

- The integration of the social assistance system with the income tax system would equalize the treatment of family income for tax purposes and reduce the abuse of the system through unreported income.

(Peel)

- Social assistance rates should be selectively reduced for some recipients, and held to no greater than the prevailing rate of inflation for others. Other reforms should be undertaken which would require recipients to take job training or available work or to participate in volunteer activities.

(BTMT)

I

SUBMISSIONS

The following organizations and individuals made written and/or oral presentations to the Standing Committee on Finance and Economic Affairs during its 1993 pre-budget consultations.

Abbreviation	Organization/Individual	Date of Appearance
ACD	Association of Canadian Distillers	March 8, 1993
AMO	Association of Municipalities of Ontario	January 13, 1993
BTMT	Board of Trade of Metropolitan Toronto	March 9, 1993
CAP	Coalition Against Poverty	February 24, 1993
CFCM	Canadians for Constitutional Money	February 24, 1993
CIBC	Canadian Imperial Bank of Commerce	January 11, 1993
CIBPA	Canadian Italian Business Professional Association	February 24, 1993
CIPREC	Canadian Institute of Public Real Estate Companies	March 8, 1993
COCA	Council of Ontario Construction Associations	March 8, 1993
COHP	Coalition of Ontario Homesharing Programs	February 23, 1993
COR	Council of Regents/Council of Presidents	January 14, 1993
COU	Council of Ontario Universities	January 13, 1993
DBFB	Daily Bread Food Bank	February 22, 1993
DRI	DRI/McGraw-Hill	January 11, 1993

II

Abbreviation	Organization/Individual	Date of Appearance
EP	Energy Probe	February 24, 1993
EPT	Environmentalists Plan Transportation	February 25, 1993
FSPTF	Fair Share for Peel Task Force	February 24, 1993
FWTAO	Federation of Women Teachers' Associations of Ontario	January 14, 1993
IMHCG	Income Maintenance for the Handicapped Co-ordinating Group	February 25, 1993
LETS	Local Employment and Trading System	February 23, 1993
MEA	Municipal Electric Association	February 25, 1993
OAC	Ontario Arts Council	February 23, 1993
OACAS	Ontario Association of Children's Aid Societies	February 23, 1993
OAITH	Ontario Association of Interval and Transition Houses	February 25, 1993
OANHSS	Ontario Association of Non- Profit Homes and Services for Seniors	February 22, 1993
OCC	Ontario Chamber of Commerce	March 8, 1993
OCSA	Ontario Convenience Stores Association	March 8, 1993
OCUFA	Ontario Confederation of University Faculty Associations	January 13, 1993

III

Abbreviation	Organization/Individual	Date of Appearance
OFIA	Ontario Forest Industries Association	February 25, 1993
OFS	Ontario Federation of Students	January 13, 1993
OFTG	Ontario Flue-Cured Tobacco Growers' Marketing Board	February 25, 1993
OGRA	Ontario Good Roads Association	March 8, 1993
OHA	Ontario Hospital Association	January 13, 1993
OHBA	Ontario Home Builders' Association	February 25, 1993
OMA	Ontario Medical Association	January 14, 1993
ONA	Ontario Nurses' Association	January 13, 1993
ONGA	Ontario Natural Gas Association	February 25, 1993
OPA	Ontario Pharmacists' Association	February 23, 1993
OPHA	Ontario Public Health Association	January 14, 1993
OPLAMO	Ontario Private Livestock Auction Market Operators	March 8, 1993
OPSBA	Ontario Public School Boards' Association	January 13, 1993
OPSTF	Ontario Public School Teachers' Federation	January 13, 1993
ORA	Ontario Restaurant Association	February 23, 1993
ORBA	Ontario Road Builders' Association	February 24, 1993

IV

Abbreviation	Organization/Individual	Date of Appearance
OSSTF	Ontario Secondary School Teachers' Federation	January 14, 1993
OSTC	Ontario School Trustees' Council	January 13, 1993
OTA	Ontario Trucking Association	February 25, 1993
Peel	Regional Municipality of Peel	February 24, 1993
PGAC	Propane Gas Association of Canada	February 25, 1993
UVFTCC	United Voices for Fair Treatment in Child Care	February 23, 1993
White	Marc White, Nepean	

APPENDIX D

List of Witnesses

APPENDIX D

LIST OF WITNESSES

From The Toronto Dominion Bank

Peter Drake, Director of Economic Research
Teresa Chandler, Managing Economist

From Informetrica

Michael McCracken, President

From The Canadian Imperial Bank of Commerce

Tim Whitehead, General Manager and Regional Economist

From DRI/McGraw Hill

George Vasic, Director of Economics
Robert Fairholm, Managing Economist

From the Conference Board of Canada

Dr. James Frank, Vice-President and Chief Economist
Brian Hollohan, Associate Director, Forecasting and Analysis

From Nomura Canada, Inc

Dr Leo debever, Vice-President and Chief Economist

From the Bank of Nova Scotia

Aron Gampel, Vice-President, Economics

From the Royal Bank of Canada

Mark Chandler, Assistant Chief Economist
Benoît Durocher, Regional Economist

From the WEFA Group

Ernest Stokes, Managing Director.

From the Ministry of Revenue

Honourable Floyd Laughtren, Minister
Jay Kaufman, Secretary of the Treasury Board

From the Ontario Teachers Federation and Affiliate Groups

Ruth Baumann, Executive Assistant, Ontario Teachers' Federation
Gene Lewis, President, Ontario Public School Teachers' Federation
Horst Schweinbenz, President, Ontario Teachers' Federation
Helen Biales, President, Ontario English Catholic Teachers' Association
Margaret Dempsey, President, Federation of Women Teachers' Associations of Ontario
Margaret Wilson, Secretary-Treasurer, Ontario Teachers' Federation

From the Ontario Confederation of University Faculty Associations

Dr Saul Ross, President

From the Ontario Public School Boards' Association

Paula Dunning, President
Joe Gunn, Executive Vice-President
Linda Hamill, Vice-President, Western Region
Beverley Allen, Director of Finance and Legislation

From the Council of Ontario Universities

Dr Peter George, President.

From the Ontario Nurses' Association

Lesley Bell, Associate Director, Government Relations
Ina Caissey, President
Carol Helmstadter, Research Officer, Government Relations
Seppo Nousiainen, Research Officer

From the Association of Municipalities of Ontario

Joe Mavrinac, President
Grant Hopcroft, Past-Chair, Fiscal and Labour Policy Committee and Past-President

From the Ontario Hospital Association

Brian McFarlane, Chair
Dennis Timbrell, President

From the Ontario Federation of Students

Ken Craft, Chair

From the Ontario School Trustees' Council

Betty Moseley-Williams, President
Patrick Meany, member

From the Federation of Women Teachers' Association of Ontario

Margaret Dempsey, President
Joan Westcott, Executive Director
Beverley Gardner, Second Vice-President

From the Ontario Secondary School Teachers Federation

Chris Malkiewich, Chair, Education Finance Committee
Liz Barkley, President
Larry French, Legislative Researcher

From the Ontario Public Health Association

Audrey Danaher, Chair, Public Policy and Resolutions Committee
Nancy Day, President
Peter Elson, Executive Director

From the Ontario Council of Regents

Richard Johnston, Chair
Barry Moore, Chair, Council of Presidents

From the Ontario Medical Association

Michael Wyman, Treasurer
Darrel Weinkauff, Director of Economics

From the Ministry of Finance

Jay Kaufman, Deputy Minister, Office of Secretary of Treasury Board
Steve Dorey, Assistant Director, Macroeconomic Analysis and Policy Branch

From the Daily Bread Food Bank

Gerard Kennedy

From the Ontario Association of Non-Profit Homes and Services for Seniors

Michael Klejman, Executive Director

From the Ontario Association of Children's Aid Societies

Mary McConville, Executive Director

From the Ontario Pharmacists' Association

Gary Cruickshank, President
John Connor, President-elect
Gary Sands, Manager Government Affairs

From the Ontario Restaurant Association

Paul Oliver, Vice-President

Bob Boone, Senior Vice-President and Secretary, Versa Services Ltd.

From the United Voices for Fair Treatment in Child Care

Tracy Buckingham, Chair

Jackie Cousens, Past Chair

From the Coalition of Ontario Homesharing Programs

Christie Chun, Executive Director, Scarborough Housing Help Centre

Edna Beange, Chair, SHARING

Susan Bacque, Coordinator of Information and Advisory Services, City of Toronto Housing

Norman Monkley, Homesharing Seeker

From the Ontario Arts Council

Gwenlyn Setterfield, Acting Executive Director

Eleanor Goldhar, Director of Communications and Research

Jean-Paul Gagnon, Touring Officer

Daryl Novak, Director of Administration and Secretary to Council

From the Local Employment and Trading System

Sat Khalsa, Administrator

Robert Atkins.

From the Fair Share for Peel Task Force

Hal Brooks, Chair

John Huether, Member

From the Ontario Road Builders' Association

Arthur Ryan, Executive Director

From Energy Probe

Elizabeth Brubaker, Director, Water Research
Larry Solomon, Research Coordinator

Edward Kolodzie

From the Coalition Against Poverty

John Clark, Provincial Organizer
Josephine Grey
Merle Terlesky

From the Canadian Italian Business and Professional Association

Forese Bertoia, Member

From the Regional Municipality of Peel

Rhoda Begley, Councillor
Paul Vezina, Commissioner, Social Services

From Canadians for Constitutional Money

Andrea Marentette, Chair
John Hotson, Chair Economic Advisory Group
William Pope, Representative
Willeam Krehm, Representative

From the Ontario Flue-Cured Growers Marketing Board

Al Bouw, Chair

From the Ontario Forest Industries Association

Marie Rauter, President
Martin Kaiser, Policy Manager

From the Environmentalist Plan Transportation

Lynn Adamson
Thomas Samuels, Urban Design, Landscape Architecture

From the Income Maintenance for the Handicapped

Scott Seiler, Coordinator
Laura Stambler, Chair
Harry Beatty, Legal Counsel

From the Ontario Association of Interval and Transition Houses

Kate Gregor, Director, Atikokan Crisis Centre
Trudy Don, Executive Coordinator

From the Municipal Electric Association

Doug McCaig, Chair
Keith Matthews, President
Tony Jennings, Chief Executive Officer

From the Ontario Natural Gas Association

Michael Berman, Senior Vice-President, Finance and Regulatory Affairs, Union Gas
Bernard Jones, Consultant, ONA
Gary Lowes, Senior Director, Finance, Centra Gas

From the Propane Gas Association of Canada

Rene Chartier, Director of Government Affairs
Bill Kurtze, Managing Director
Bob Callow, President, Budget Propane

From the Ontario Trucking Association

David Bradley, President

From the Ontario Home Builders' Association

Phil McColeman, President
Stephen Kaiser, Vice-President

From the Ontario Chamber of Commerce

Pat Palmer, President and Chair
Don Eastman, Vice-President Policy

From the Canadian Institute of Public Real Estate Companies

James R. Bullock, President

From the Canadian Manufacturers Association

Paul Nykanen, Vice-President
Jay Myers, Chief Economist
Eric Owen, Director of Taxation and Financial Policy

From the Ontario Good Roads Association

Leonard Rach, Director of Engineering, Municipality of Metropolitan Toronto
Viktor Silgailis, President, Commissioner of Works, Durham Region

From the Association of Canadian Distillers

Tim Woods, Ontario Director
Ian S. Cray, Vice-President, Finance, Gilbey Canada Inc.

From the Ontario Convenience Stores Association

Russ Egerdie, Executive Director
Geoffrey Pottow, President, Beckers Milk

From the Council of Ontario Construction Associations

David Surplis, President
Bill Empey, Consultant

From the Private Livestock Auction Market Operators of Ontario

Lindsay Barfoot, Price Waterhouse

Marie Forgrave, President, Ontario Livestock Auction Market Association

From the Toronto Board of Trade

Michael Lauber, Vice-President

Donald McIver, Chair, Economic Policy Committee

Rob Spindler, Vice-Chair, Taxation Committee

From the Taxpayers Coalition Ontario

Paul Pagnuelo, Vice-President and Director, Eastern Region

From the Ontario Federation of Agriculture

Tony Morris, Executive Committee

Cecil Bradley, Manager Policy Research

From the C. P. Rail System

John Taylor, Director General, Government and Industry Affairs

Gil Mackie, Executive Vice-President

From the Canadian Mental Health Association

Carol Roup, Senior Director, Policy Research and Branch Services

Glen Thompson, Executive Director

From the Association of Ontario Physicians and Dentists in Public Service

Janush Duksza, President

Jane Baldock, Member

John Deadman, Member

Sharon Casson, Member

R. Rabheru, Member

From the Ontario Federation of Community Mental Health and Addiction Programs

Chris Higgins, Executive Director

From the Ontario Mining Association

Patrick Reid, President

Témoins du réseau ferroviaire CP Rail

John Taylor, directeur général, affaires gouvernementales et industrielles
Gil Mackie, vice-président à la direction

Témoins de L'Association canadienne pour la santé mentale

Carol Roup, directeur général, recherches sur les politiques et les services des filiales
Glen Thompson, directeur administratif

Témoins de l'Association of Ontario Physicians and Dentists in Public Service

Janush Duskzta, président
Jane Baldock, membre
John Deadman, membre
Sharon Casson, membre
R. Rabheru, membre

Témoins de la Fédération des programmes communautaires de santé mentale et de traitement des toxicomanes de l'Ontario

Chris Higgins, directeur administratif

Témoins de l'Ontario Mining Association

Patrick Reid, président

Témoins de l'Ontario Good Roads Association

Leonard Rach, technique, communauté urbaine de Toronto
Viktor Silgailis, président, commissaire des travaux, région de Durham

Témoins de l'Association des distillateurs canadiens

Tim Woods, directeur, Ontario
Ian S. Cray, vice-président, finances, Gilbey Canada Inc.

Témoins de l'Ontario Convenience Stores Association

Russ Eggerdie, directeur administratif
Geoffrey Pottow, président, Beckers Milk

Témoins du Council of Ontario Construction Associations

David Surplis, président
Bill Empey, expert-conseil

Témoins du Private Livestock Auction Market Operators of Ontario

Lindsay Bartoot, Price Waterhouse
Marie Forgrave, présidente, Ontario Livestock Auction Market Association

Témoins du Toronto Board of Trade

Michael Lauber, vice-président
Donald McIver, président du comité sur les politiques
Rob Spindler, vice-président du comité sur la fiscalité

Témoins de la Taxpayers Coalition Ontario

Paul Pagnuelo, vice-président et directeur, région de l'Est

Témoins de La Fédération de l'agriculture de l'Ontario

Tony Morris, bureau
Cecil Bradley, directeur de la recherche sur les politiques

Témoins de la Municipal Electric Association

Doug McCaig, président du conseil
Keith Matthews, président
Tony Jennings, chef de la direction

Témoins de l'Ontario Natural Gas Association

Michael Bermon, vice-président principal, finances et réglementation, Union Gas
Bernard Jones, expert-conseil, ONA
Gary Lowes, directeur en chef, finances, Centra Gas

Témoins de l'Association canadienne de gaz propane

René Chartier, directeur des affaires gouvernementales
Bill Kurtze, directeur administratif
Bob Callow, président, Budget Propane

Témoins de l'Association du camionnage de l'Ontario

David Bradley, président

Témoins de l'Association provinciale des constructeurs d'habitations de l'Ontario

Phil McColeman, président
Stephen Kaiser, vice-président

Témoins de la Chambre de commerce de l'Ontario

Pat Palmer, président du conseil et président
Don Eastman, vice-président des politiques

Témoins de l'Institut canadien des compagnies immobilières publiques

James R. Bullock, président

Témoins de l'Association des manufacturiers canadiens

Paul Nykanen, vice-président
Jay Myers, économiste en chef
Eric Owen, directeur de la fiscalité et des questions financières

Témoins de l'Association des gens d'affaires et professionnels italo-canadiens

Forese Bertola, membre

Témoins de la municipalité régionale de Peel

Rhoda Begley, conseillère municipale
Paul Vézina, commissaire aux services sociaux

Témoins des Canadians for Constitutional Money

Andrea Marentette, présidente
John Hotson, président du groupe consultatif sur l'économie
William Pope, représentant
Willeam Krehm, représentant

Témoins de la Commission ontarienne de commercialisation du tabac jaune

Al Bouw, président

Témoins de l'Ontario Forest Industries Association

Marie Rauter, présidente
Martin Kaiser, directeur des politiques

Témoins de l'Environmentalist Plan Transportation

Lynn Adamson
Thomas Samuels, urbaniste, architecture paysagère

Témoins de l'Income Maintenance for the Handicapped

Scott Seiler, coordonnateur
Laura Stambler, présidente du conseil
Harry Beatty, avocat

Témoins du Regroupement provincial des maisons d'hébergement et de transition

Kate Gregor, directrice, Atikokan Crisis Centre
Trudy Don, coordonnatrice à la direction

Témoins de la Coalition of Ontario Homesharing Programs

Christie Chuan, directrice administrative, Scarborough Housing Help Centre
Edna Beange, présidente du conseil, SHARING

Susan Baque, coordonnatrice des services d'information et d'orientation, Société de logement de la ville de Toronto
Norman Monkley, agent du Programme de logement partagé

Témoins du Conseil des Arts de l'Ontario

Gwenlyn Satterfield, directrice générale interimaire
Eleanor Goldhar, directrice des communications et de la recherche
Jean-Paul Gagnon, agent itinérant
Daryl Novak, directeur administratif et secrétaire du Conseil

Témoin du Local Employment and Trading System

Sat Khalsa, administration

Robert Atkins

Témoins du Fair Share for Peel Task Force

Hal Brooks, président du groupe d'étude
John Huether, membre

Témoin de l'Ontario Road Builders' Association

Arthur Ryan, directeur administratif

Témoins de l'Enquête énergétique

Elisabeth Brubaker, directrice, recherches sur l'eau
Larry Solomon, coordonnateur de la recherche

Edward Kolodzie

Témoins de la Coalition Against Poverty

John Clark, organisateur provincial
Josephine Grey
Merle Terlesky

Témoins de l'Association des médecins de l'Ontario

Michael Wyman, trésorier

Darrel Weinkauff, directeur des affaires économiques

Témoins du ministère des Finances

Jay Kautman, sous-ministre, Bureau du secrétariat du Conseil du trésor

Steve Dorey, adjoint au directeur, Section des projets macro-économiques et de l'analyse de politiques

Témoignage de la Banque alimentaire Daily Bread

Gerard Kennedy

Témoignage de l'Ontario Association of Non-Profit Homes and Services for Seniors

Michael Klejman, directeur administratif

Témoignage de l'Association des sociétés d'aide à l'enfance de l'Ontario

Mary McConville, directrice administrative

Témoins de l'Ontario Pharmacists' Association

Gary Cruickshank, président

John Connor, président élu

Gary Sands, chef, gouvernement et relations publiques

Témoins de l'Ontario Restaurant Association

Paul Oliver, vice-président

Bob Boone, vice-président principal et secrétaire, Versa Services Ltd.

Témoins de l'United Voices for Fair Treatment in Child Care

Tracy Buckingham, présidente

Jackie Cousens, présidente sortante

Témoins de l'Association des municipalités de l'Ontario

Joe Mavrinac, président
Grant Hopcroft, ancien président du comité des politiques et de la main-d'oeuvre et président sortant

Témoins de l'Ontario Hospital Association

Brian McFarlane, président du conseil
Dennis Timbrell, président

Témoins de la Fédération des étudiants de l'Ontario

Ken Craft, président du conseil

Témoins du Conseil ontarien des conseillers scolaires

Betty Moseley-Williams, présidente
Patrick Meaney, membre

Témoins de la Federation of Women Teachers' Association of Ontario

Margaret Dempsey, présidente
Joan Westcott, directrice générale
Beverley Gardner, deuxième vice-présidente

Témoins de la Fédération des enseignantes-enseignants des écoles secondaires de l'Ontario

Chris Malkiewicz, président du comité sur le financement de l'éducation
Liz Barkley, présidente
Larry French, agent de recherche sur les questions législatives

Témoins de l'Association pour la santé publique de l'Ontario

Audrey Danaher, présidente du comité sur les politiques et les résolutions publiques
Nancy Day, présidente
Peter Elson, directeur administratif

Témoins du Conseil ontarien des affaires collégiales

Richard Johnston, président
Barry Moore, président du Conseil des présidents

Témoin du WEFA Group

Ernest Stokes, directeur administratif

Témoins du ministère du Revenu

L'honorable Floyd Laughren, ministre
Jay Kaufman, secrétaire du Conseil du trésor

Témoins de la Fédération des enseignantes et des enseignants de l'Ontario et de ses filiales

Ruth Baumann, adjointe administrative, Fédération des enseignantes et des enseignants de l'Ontario
Gene Lewis, président, Fédération des enseignants des écoles publiques de l'Ontario
Horst Schweinbenz, président, Fédération des enseignantes et des enseignants de l'Ontario
Helen Biales, présidente, Association des enseignantes et de enseignants catholiques anglo-ontarien
Margaret Dempsey, présidente, Federation of Women Teachers' Associations of Ontario
Margaret Wilson, secrétaire-trésorière, Fédération des enseignantes et des enseignants de l'Ontario

Témoin de l'Union des associations des professeurs des universités de l'Ontario

Saul Ross, président

Témoins de l'Association des conseils scolaires publics de l'Ontario

Paula Dunning, présidente
Joe Gunn, vice-président à la direction
Linda Hamill, vice-présidente, région de l'Ouest
Beverley Allen, directrice des affaires financières et législatives

Témoin du Conseil des universités de l'Ontario

Peter George, président

Témoins de l'Association des infirmières de l'Ontario

Lesley Bell, directrice adjointe, relations gouvernementales
Ina Caissey, présidente
Carol Helmstadter, agent de recherche, relations gouvernementales
Sepko Nousainen, agente de recherche

ANNEXE D

LISTE DES TÉMOINS

Témoins de la Banque Toronto-Dominion

Peter Drake, directeur de la recherche économique
Teresa Chandler, administratrice économique

Témoins d'Informetrica

Michael McCracken, président

Témoins de la Banque Canadienne Impériale de Commerce

Tim Whitehead, directeur principal et économiste régional

Témoins de DRI/McGraw Hill

George Vasic, directeur du département des sciences économiques
Robert Fairholm, économiste administrateur

Témoins du Conference Board du Canada

James Frank, vice-président et économiste en chef
Brian Hollohan, directeur adjoint, prévisions et analyse

Témoins de Noruma Canada, Inc.

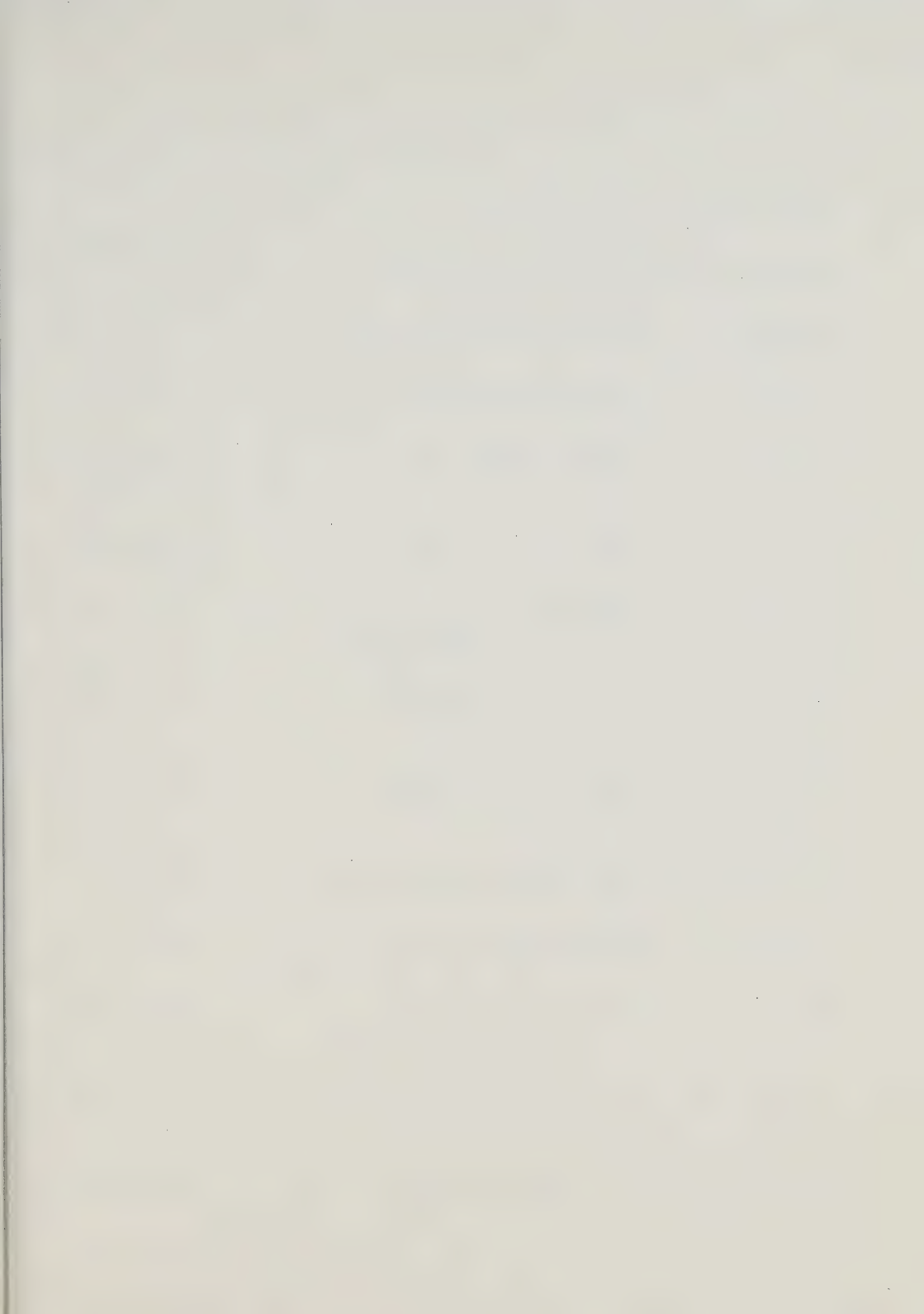
Leo Debever, vice-président et économiste en chef

Témoins de la Banque de Nouvelle-Écosse

Aron Gampel, vice-président, affaires économiques

Témoins de la Banque Royale du Canada

Mark Chandler, économiste en chef adjoint
Benoît Durocher, économiste régional



Liste des témoins

ANNEXE D

Organisme/particulier	Signé	Date du mémoire
Income Maintenance for the Handicapped Co-ordinating Group	IMHCG	25 février 1993
Local Employment and Trading System	LETS	23 février 1993
Municipal Electric Association	MEA	25 février 1993
Ontario Association of Non-Profit Homes and Services for Seniors	OANHSS	22 février 1993
Ontario Convenience Stores Association	OCSA	8 mars 1993
Ontario Forest Industries Association	OFIA	25 février 1993
Ontario Good Roads Association	OGRA	8 mars 1993
Ontario Hospital Association	OHA	13 janvier 1993
Ontario Natural Gas Association	ONGA	25 février 1993
Ontario Pharmacists' Association	OPA	23 février 1993
Ontario Private Livestock Auction Market Operators	OPLAMO	8 mars 1993
Ontario Restaurant Association	ORA	23 février 1993
Ontario Road Builders' Association	ORBA	24 février 1993
Municipalité régionale de Peel	Peel	24 février 1993
Régrouperement provincial des maisons d'hébergement et de transition	RPMHT	25 février 1993
Union des associations des professeurs des universités de l'Ontario	UAPUO	13 janvier 1993
United Voices for Fair Treatment in Child Care	UVFTCC	23 février 1993
Marc White, Nepean	White	

Stile	Organisme/particulier	Date du mémoire
CAP	Coalition Against Poverty	24 février 1993
CCO	Chambre de commerce de l'Ontario	8 mars 1993
CFCM	Canadians for Constitutional Money	24 février 1993
COAC	Conseil ontarien des affaires collégiales/ Conseil des présidents	14 janvier 1993
COCA	Council of Ontario Construction Associations	8 mars 1993
COCs	Conseil ontarien des conseillers scolaires	13 janvier 1993
COCTJ	Commission ontarienne de commercialisation du tabac jaune	25 février 1993
COHP	Coalition of Ontario Homesharing Programs	23 février 1993
CUO	Conseil des universités de l'Ontario	13 janvier 1993
DRI	DRI/McGraw-Hill	11 janvier 1993
EE	Enquête énergétique	24 février 1993
EPT	Environmentalists Plan Transportation	25 février 1993
FEPO	Fédération des enseignants des écoles publiques de l'Ontario	13 janvier 1993
FEESO	Fédération des enseignants-enseignants des écoles secondaires de l'Ontario	14 janvier 1993
FEO	Fédération des étudiants de l'Ontario	13 janvier 1993
FSPTF	Fair Share for Peel Task Force	24 février 1993
FWTAO	Federation of Women Teachers' Associations of Ontario	14 janvier 1993
ICCP	L'Institut canadien des compagnies immobilières publiques	8 mars 1993

MÉMOIRES

I

Les organismes et les particuliers dont le nom suit ont soumis un mémoire ou un témoignage au Comité permanent des affaires économiques et financières à l'occasion des consultations prébudgétaires de 1993.

Sigle	Organisme/particulier	Date du mémoire
ACGP	Association canadienne de gaz propane	25 février 1993
ACO	Association du camionnage de l'Ontario	25 février 1993
ACSPQ	Association des conseils scolaires publics de l'Ontario	13 janvier 1993
ADC	Association des distillateurs canadiens	8 mars 1993
AGAPI	Association des gens d'affaires et professionnels italo-canadiens	24 février 1993
AIO	Association des infirmières de l'Ontario	13 janvier 1993
AMEO	Association des médecins de l'Ontario	14 janvier 1993
AMO	Association des municipalités de l'Ontario	13 janvier 1993
APCHO	Association provinciale des constructeurs d'habitations de l'Ontario	25 février 1993
ASAEQ	Association des sociétés d'aide à l'enfance de l'Ontario	23 février 1993
ASPO	Association pour la santé publique de l'Ontario	14 janvier 1993
BADB	Banque alimentaire Daily Bread	22 février 1993
BCIC	Banque Canadienne Impériale de Commerce	11 janvier 1993
BTMT	Board of Trade of Metropolitan Toronto	9 mars 1993
CAO	Conseil des Arts de l'Ontario	23 février 1993

(AGAP)

- Il faudrait appliquer un barème de primes distinct pour les régimes de médicaments et d'autres programmes spéciaux. Cela permettrait aux usagers de choisir s'ils veulent être couverts pour les frais de médicament à un coût supplémentaire. Les produits en vente libre ne devraient pas tous être couverts, car ils ne sont pas essentiels au maintien de la santé.

(OPA)

- La contribution la plus importante que le Comité puisse faire est de recommander à la nouvelle ministre de la Santé le besoin d'un partenariat entre son ministère et la pharmacie qui donnerait de meilleures chances à une gestion à long terme mieux réussie du système des médicaments de l'Ontario. Nous recommandons aussi que le Comité appuie la recommandation du docteur Brian Segal que le ministère de la Santé et l'OPA constituent un comité consultatif mixte.

Système de médicaments

(AMEO)

- Nous croyons que la responsabilité financière et les soins de santé de qualité ne s'excluent pas l'un l'autre. On peut atteindre ces deux objectifs en encourageant la prestation efficace des services médicaux.

(AMEO)

- Les médecins craignent que, pour mieux atteindre ses objectifs budgétaires, le gouvernement tente de diminuer les honoraires ou les sommes qu'il paie pour les services médicaux. Nous sommes sûrs que cela n'est pas une solution viable pour maîtriser le coût des soins de santé et que cela serait en fait préjudiciable aux progrès remarquables que nous avons réalisés dans ce domaine.

(AMEO)

- Un objectif de l'Entente cadre conclue en 1991 entre la profession médicale et le gouvernement est «d'assurer aux médecins une rémunération juste et équitable». Nous demandons instamment au gouvernement de rester fidèle à l'esprit de cet objectif. Nous aimerions toutefois souligner que cette fidélité n'empêchera aucunement le gouvernement de s'acquitter de sa responsabilité financière.

Services médicaux

(ASPO)

- Nous recommandons que le gouvernement appuie le mouvement salulaire des communautés comme étant la pierre angulaire de la réforme des soins de santé en général et de la santé publique en particulier.

- Il faudrait modifier la loi de façon qu'elle renferme une disposition stipulant le même genre de prise de décision ouverte et accessible dans les secteurs de la santé publique et des soins de longue durée que celui que nous sommes maintenant en voie d'obtenir dans le secteur hospitalier.
- (AIO)
- Nous demandons instamment d'apporter à la *Loi sur la vérification des comptes publics* des modifications qui obligerait le système de soins de santé à rendre compte des sommes d'argent énormes qu'il reçoit des deniers publics.
- (AIO)
- Nous reconnaissons la nécessité, pour le gouvernement, de faire preuve d'austérité et, en même temps, nous sommes vivement conscients des besoins de nos patients. Il est clair qu'il faut concilier les deux besoins. Nous demandons instamment au gouvernement, dans l'élaboration du budget, de rester sensible aux besoins de notre société en matière de soins de santé. Nous devons veiller à ce qu'en nous efforçant de comprimer les coûts, nous ne mettions pas en péril la qualité du système que nous avons eu tant de mal à constituer.
- (AMEO)
- Nous recommandons de mettre les hôpitaux à un régime fondé sur les bénéfices et sur un budget base zéro.
- (AGAPI)
- Le régime provincial d'assurance-santé ne devrait pas couvrir les frais médicaux à l'étranger.
- (AGAPI)
- Nous invitons le gouvernement à élaborer une stratégie financière exhaustive pour réaffecter des ressources aux services communautaires. Nous demandons également au gouvernement de s'engager à réaffecter 0,25 pour 100 par an pendant 10 ans au déplacement de ressources vers les services communautaires.
- (ASPO)
- La réaffectation de ressources sera réduite à un vain mot si l'on ne se penche pas sur le dédoublement des rôles. L'actuelle entente hasardeuse de financement double entre les municipalités et la province est au coeur des programmes et services de santé publique. Il faut résoudre ce problème dans le cadre de la réforme des soins de santé. Nous invitons le gouvernement à entamer des pourparlers avec l'AMO dans les 12 prochains mois.
- (ASPO)

Services communautaires

Soins aux personnes âgées

- Nous demandons instamment au Comité de recommander d'inscrire la réhabilitation des foyers qui offrent encore un séjour en salle commune comme une priorité dans les efforts du gouvernement pour stimuler l'économie au moyen de projets d'immobilisations. (OANHSS)
- Nous demandons instamment au Comité de recommander vigoureusement l'octroi de subventions spéciales de contrepartie aux immobilisations aux groupes multiculturels qui ont reçu des lits de soins infirmiers. (OANHSS)
- Nous demandons au Comité d'insister sur l'observation de la nouvelle loi provinciale qui concerne le fonctionnement d'organismes bénéficiant de paiements de transfert, notamment les municipalités, comme principe d'établissement des coûts et du financement. (OANHSS)
- Nous demandons instamment au Comité d'appuyer le principe du traitement équitable des résidents de foyers pour personnes âgées en honorant les certificats valides de soins de longue durée. (OANHSS)
- Nous demandons au Comité de recommander la suspension des dispositions de plafonnement imposées aux foyers pour personnes âgées. (OANHSS)
- Nous recommandons que la province élimine son plafonnement du financement des foyers pour personnes âgées et prenne l'engagement que le nouveau niveau de la formule de financement des soins, une fois appliquée, n'entraînera pas de coûts supplémentaires pour les municipalités. (AMO)
- Nous demandons instamment au gouvernement de persister à appuyer un lieu de travail plus juste et plus démocratique où les infirmières et infirmiers autorisés qui font partie du personnel ont le droit de vote. (AIO)

- La province devrait reconnaître que la pauvreté des enfants fait partie de la «féminisation de la pauvreté». Elle devrait également agir en faveur d'une garde d'enfants accessible et à prix abordable, d'une équité salariale intégralement exécutée, d'une promotion sociale obligatoire et de meilleures possibilités de formation pour les femmes.

(FWTAO)

- Nous recommandons que vous ne sous-estimiez pas ce que l'on peut accomplir en termes d'engagement à une sorte de préférence, une sorte de place reconnue aux gens qui vivent dans la pauvreté, aux gens qui luttent au milieu de la récession. Manifestement, dans le cadre de vos délibérations, donner cette sorte de place n'a de sens que si on l'accompagne de fonds.

(BADB)

- Nous aimerions encourager le Comité à recommander que le gouvernement examine à nouveau sa promesse d'éliminer la nécessité des banques alimentaires.

(BADB)

Services à l'enfance

- Les enfants à risque de l'Ontario ont besoin d'un système de services qui évite les mauvais traitements et réduira les risques, intensifiera les services aux enfants chez eux et soutiendra les parents d'accueil bien formés et suffisamment rémunérés dans leur propre communauté.

(ASAE0)

- Pour obtenir un système de services pour les enfants à risque, nous devons élaborer des stratégies interministérielles pour créer des services complets aux enfants et aux familles, et avoir accès à un fonds spécial et une politique qui fait valoir et appuie les efforts de prévention dans les collectivités locales.

(ASAE0)

- Le gouvernement doit négocier une nouvelle formule de financement variable qui soutienne le système d'aide sociale à l'enfance, prendre la responsabilité intégrale du financement pour la prestation de services, et augmenter de 22 millions de dollars le financement des SAE pour 1993.

(ASAE0)

Maisons de transition

- Le Programme de logement partagé de l'Ontario devrait être financé par le gouvernement en blocs de trois ans et non selon un financement annuel. (COHP)
- Nous recommandons que le gouvernement continue de financer des programmes de logement et de travailler avec les municipalités à la révision de lignes directrices des programmes afin que les fonds en fiducie existants puissent être dépensés pour satisfaire la demande d'aide financière à la réhabilitation des logements. (AMO)
- Si le gouvernement est intéressé à offrir des logements à bas prix, il serait bien plus efficace et économique de fournir des subventions à l'hébergement au lieu des logements eux-mêmes. Le gouvernement devrait envisager de convertir un pourcentage de ces logements existants en logements coopératifs ou de les vendre aux locataires. Cette mesure, réunie à un programme de bien-être social révisé ou à un programme de bien-être social offrant un revenu minimum, permettrait aux occupants d'obtenir un logement sans avoir à renoncer à l'aide gouvernementale. (AGAP)
- Il faudrait appliquer la stratégie de financement de remplacement élaborée pour les foyers refuges. (RPMHT)
- Il faudrait inscrire dans la loi la prestation de services pour les victimes de la violence masculine. (RPMHT)
- Il faudrait reconnaître le rôle important joué par les refuges dans le soutien des femmes et enfants victimes de mauvais traitements. (RPMHT)
- Le gouvernement devrait reconnaître que la protection des femmes et enfants contre la violence masculine doit rester sa première priorité. (RPMHT)
- Nous recommandons de reconnaître le coût de la tolérance de la violence masculine. Il dépasse de beaucoup les coûts de l'amélioration de la protection des femmes et des enfants battus et de l'aide qui leur est fournie. (RPMHT)

(COHP)

logement accessibles.

• Nous recommandons que le gouvernement continue de travailler en partenariat avec les programmes de logement partagé de façon à continuer de fournir des services de

(FWTAO)

• La province devrait accorder son soutien pour une augmentation substantielle des logements à bas prix et sans but lucratif.

(APCHO)

• Le gouvernement devrait mettre fin au programme actuel de logement sans but lucratif de façon à réduire ses pertes et à faire en sorte que les dollars d'impôt, sous forme d'allocations pour le logement, soient uniquement versés aux personnes qui ont véritablement besoin d'aide.

(DRI)

• Il faudrait radier et éliminer le besoin de logements financés par l'État. Il faudrait éliminer le contrôle des loyers et le remplacer par un supplément au loyer ou une aide supplémentaire au loyer.

(BTMT)

• Le gouvernement devrait annuler tous ses projets de logement sans but lucratif, qui n'ont pas été commencés, et terminer seulement ceux qui sont actuellement en chantier. À la place de ces projets, il faudrait éliminer progressivement le contrôle des loyers pour stimuler la construction privée et instaurer un système de paiement direct d'allocations de logement aux familles nécessiteuses.

(APCHO)

• Il ne faudrait plus accorder de nouvelles autorisations pour la construction de projets de logement sans but lucratif.

Logement

(FEEPO)

• Le gouvernement devrait assouplir les critères d'allocation de subsides boulotOntario pour fournir des places supplémentaires de garde d'enfant et un financement pour le développement des programmes.

(UVFTCC)

• On devrait appuyer la garde d'enfants à domicile comme une option reconnue de garde d'enfants.

- Les programmes de revalorisation du salaire pour tous les travailleurs des services à l'enfance devraient continuer. Ce bon usage des ressources améliore les salaires tout en contribuant à garder les frais abordables pour les parents. (UVFTCC)
- La prestation d'une aide au paiement des frais devrait être liée à l'enfant et non pas au centre. (UVFTCC)
- Les parents qui obtiennent de nouveaux fonds de subside devraient pouvoir choisir n'importe quel centre ayant un contrat de louage de services. (UVFTCC)
- Des évaluations pertinentes des besoins doivent être réalisées avant que les fonds d'immobilisations soient accordés pour l'expansion d'un centre à but non lucratif. Il faudrait créer des encouragements à une saine gestion financière au sein du secteur à but non lucratif. (UVFTCC)
- Toutes nouvelles dépenses pour la garde d'enfants devraient être gelées tant que le vérificateur provincial n'a pas terminé la vérification des dépenses provinciales pour la garde d'enfants. (UVFTCC)
- Toutes les responsabilités en matière de garde d'enfants doivent rester du ressort du ministère des Services sociaux et communautaires. Les municipalités devraient continuer de tenir leur rôle de gestionnaires locaux de la garde d'enfants. (UVFTCC)
- Les centres devraient continuer de recevoir des recettes sous forme de frais acquittés par les parents et de subventions de valorisation des salaires provenant de la province. Il ne faudrait pas instituer de financement de base. (UVFTCC)
- Le gouvernement devrait accorder des fonds pour augmenter l'éducation des parents et promouvoir de bonnes aptitudes au rôle de parent. (UVFTCC)
- Il faudrait encourager les employeurs à être plus compréhensifs à l'égard des familles. (UVFTCC)
- Il faudrait encourager les associations parents-matres, à l'intérieur de chaque école, à composer une liste des fournisseurs de foyers du voisinage qui offrent une garde d'enfants d'âge scolaire. (UVFTCC)

- Les 2,5 milliards de dollars dépensés pour les pensions aux chefs de famille monoparentale pourraient être sensiblement réduits si l'on exigeait des bénéficiaires de participer aux études, de se recycler et finalement de retrouver un emploi et si on éliminait les inégalités qui existent dans les règles concernant la cohabitation.

(Peel)

- On pourrait réduire les centaines de millions de dollars dépensées par la province et les municipalités pour appuyer les demandeurs de statut de réfugié et les immigrants parraïnés si l'on négociait avec le gouvernement fédéral pour modifier l'administration de ces programmes.

(Peel)

- Le recours au réseau de transfert de fonds électronique simplifierait l'administration du programme d'aide sociale.

(Peel)

- L'intégration du système d'aide sociale au système de l'impôt sur le revenu égaliserait le traitement du revenu familial aux fins de l'impôt et réduirait l'abus du système par la non-déclaration d'un revenu.

(Peel)

- Les taux d'aide sociale devraient être réduits de façon sélective pour certains bénéficiaires et maintenus à un niveau ne dépassant pas le taux d'inflation en vigueur dans le cas des autres. Il faudrait entreprendre d'autres réformes qui exigeraient que les bénéficiaires suivent une formation à l'emploi, prennent un travail disponible ou participent à des activités bénévoles.

(BTMT)

Garde d'enfants

- Le gouvernement devrait reconnaître que les parents sont les seuls responsables lorsqu'il s'agit de décider qui gardera leurs enfants.

(UVFTCC)

- Nous priions instamment le gouvernement de revenir sur sa politique de réduction du secteur privé. Il devrait plutôt reconnaître les économies de coûts que permet le secteur privé et l'apport précieux qu'il fait à la collectivité.

(UVFTCC)

- Le gouvernement devrait réaffecter au financement de subventions les 75 millions de dollars engagés dans la conversion de centres privés en centres à but non lucratif. Il faudrait discontinuer les politiques qui usent de discrimination contre le secteur privé.

(UVFTCC)

LES QUESTIONS SOCIALES

Aide sociale

- Nous recommandons que le gouvernement, soit élimine la taxe sur le propane pour son transport par route, soit place une taxe équivalente en BTU sur tous les autres carburants de substitution égale à celle qui frappe le propane.
(ACGP)
- Nous recommandons que le gouvernement offre un remboursement de la taxe de vente au détail pour tous les véhicules utilisant un carburant de substitution, qui soit le même pour tous les véhicules de ce genre. Une période d'admissibilité de un an - simple sous l'angle administratif - pour obtenir ce remboursement donnerait à l'industrie une certaine latitude pour commercialiser plus efficacement ses produits.
(ACGP)

- Nous demandons instamment au gouvernement d'envisager une augmentation supplémentaire des taux d'aide sociale durant l'exercice 1993-1994.
(IMHCG)

- Nous demandons au gouvernement de veiller à ce que ce qui est destiné aux services à l'enfance et à la famille soit dépensé de façon efficace, efficiente et équitable partout dans la province.
(FSPTF)

- Nous aimerions voir un engagement à défendre et renforcer les services sociaux de base.
(CAP)

- L'accessibilité aux personnes handicapées doit être inscrite dans boulotOntario et le Conseil ontarien de formation et d'adaptation de la main-d'oeuvre depuis le début, sinon les personnes handicapées en seront exclues.
(IMHCG)

- L'aide supplémentaire et l'aide spéciale devraient être assumées par la province dans le cadre du démelement des rôles. Cela pourrait se faire à temps pour une mise en oeuvre le 1^{er} janvier 1994. Au besoin, la province et l'AMO pourraient fournir les négociations pour envisager si les municipalités doivent assumer de nouvelles responsabilités dans d'autres domaines en échange de ce changement.
(IMHCG)

(ACGP)

Le gouvernement provincial, de concert avec le gouvernement fédéral, devrait permettre aux acheteurs de véhicules utilisant deux carburants de substitution de faire passer l'amortissement de ces véhicules de la durée utile à trois ans.

(ACGP)

Nous recommandons que le gouvernement constitue un milieu de réglementation qui élimine le procédé encombrant que l'utilisateur final doit suivre pour faire approuver la vente de véhicules utilisant un carburant de substitution.

(ACGP)

La province, de concert avec le gouvernement fédéral, devrait permettre aux industries de ravitailllement en carburants de substitution d'accélérer le taux d'amortissement de leurs coûts d'investissement en infrastructures, aux fins de l'impôt, sur la durée utile de cette infrastructure jusqu'à concurrence de trois ans. Cette catégorie d'amortissement devrait être assez souple pour permettre d'améliorer et de moderniser l'infrastructure de ravitailllement en carburants de substitution en fonction de l'évolution de la technologie et des normes d'émission durant la durée de service de l'infrastructure, ainsi que pour permettre la radiation plus rapide des coûts en capital reliés à l'infrastructure existante de ravitailllement en carburant de substitution.

(ACGP)

Le gouvernement devrait adopter une loi du «bon samaritain» pour encourager le personnel compétent à contribuer au traitement de situations d'urgence comportant des carburants de substitution comme faisant partie d'un groupe de «produits dangereux».

(ACGP)

Nous recommandons que le gouvernement constitue une série de programmes d'aide qui encourageront les petites et moyennes entreprises innovatrices et adaptables à réaliser des projets de recherche, développement et démonstration visant à relever la viabilité commerciale des technologies souhaitées de carburants de substitution.

(ACGP)

La compétence en matière de carburants de substitution pour véhicules devrait faire partie de la formation et de la reconnaissance professionnelle des mécaniciens en Ontario.

(ACGP)

De concert avec le gouvernement fédéral, la province devrait permettre aux acheteurs de véhicules à carburant unique d'origine produits pour utiliser un carburant de substitution, ou de véhicules à carburant unique convertis avec autorisation, de faire passer l'amortissement de ces véhicules de la durée de service à deux ans.

Transports

- Il devrait y avoir un moratoire sur la construction de nouvelles routes dans le cadre d'une politique de réduction du nombre d'automobiles. Les fonds épargnés devraient être consacrés à l'amélioration des transports en commun. (EPT)
 - Il faudrait augmenter la taxe sur l'essence pour financer les améliorations de la circulation et décourager l'utilisation de l'automobile. (EPT)
 - Les pratiques d'utilisation du sol favorables à la circulation devraient être soutenues par une loi, y compris les exigences de certains éléments comme des densités minimales de 15 000 \$ pour les aménagements de terrains verts. (EPT)
 - Nous recommandons une réduction des subventions pour les routes municipales. (EPT)
 - Nous recommandons que le gouvernement adopte un objectif de réduction de 80 pour 100 des émissions d'oxyde de carbone. Nous recommandons également que la province renforce ses normes d'émission et le respect de ces normes par les voitures et les camions et qu'elle adopte des normes d'émission comme celles de la Californie. (EPT)
- Véhicules utilisant un carburant de substitution**
- Nous recommandons que le gouvernement provincial, de concert avec le gouvernement fédéral, permette aux acheteurs de véhicules utilisant un seul carburant de substitution, convertis après l'achat, de faire passer l'amortissement de ces véhicules de la durée de service à trois ans. (ACGP)
 - Nous recommandons que le gouvernement provincial, de concert avec le gouvernement fédéral, permette aux acheteurs de véhicules utilisant deux carburants de substitution, convertis après l'achat, de faire passer l'amortissement de ces véhicules de la durée de service à quatre ans. (ACGP)
 - La province devrait établir et annoncer une politique d'achat de véhicules qui favorise les véhicules à carburant unique, d'origine, produits ou convertis après l'achat pour utiliser un carburant de substitution. (ACGP)

(ORA)

L'élimination de l'exemption de la taxe de vente au détail de 4 \$ sur les aliments préparés aurait un effet sévère sur les ventes et sur l'emploi dans l'industrie de la restauration. Elle aurait aussi un effet défavorable sur de nombreux secteurs de la société ontarienne, notamment sur les personnes moins en mesure de payer plus de taxes.

Services publics

Il y a deux domaines d'imposition cachée où l'on pourrait facilement réaliser des réductions de taux. Le premier concerne les redevances d'utilisation d'énergie hydraulique, qui sont les frais que le gouvernement impose à Ontario Hydro pour l'eau qui circule à travers ses turbines. Le deuxième concerne les frais de garantie de la dette que le gouvernement a instaurés en 1990. Réunis, ces frais représentent plus de 250 millions de dollars qui sont supportés par nos contribuables. Si le gouvernement éliminait ces frais, cela réduirait de 3 pour 100 les taux de gros d'Ontario Hydro.

(MEA)

Le gouvernement devrait annuler la politique qui consent une suspension de paiement de 10 ans aux nouvelles centrales hydro-électriques. Toutes les suspensions qui ont déjà été promises à Ontario Hydro devraient être révoquées. Les redevances d'utilisation d'énergie hydraulique devraient s'appliquer intégralement à toutes les centrales.

(EE)

Les redevances d'utilisation d'énergie hydraulique devraient tenir compte de la valeur marchande du site. Étant donné qu'on ne peut appliquer exactement une seule et même redevance ou formule à des sites différents, il faut fixer les redevances au cas par cas. La meilleure façon de le faire serait d'introduire un marché concurrentiel pour les sites en question. Ceux-ci seraient simplement mis aux enchères et l'offre la plus haute correspondrait à la valeur du site.

(EE)

Nous demandons instamment au gouvernement de renégocier ou, mieux encore, de résilier son contrat principal avec Ontario Hydro.

(EE)

Bien que les augmentations puissent être rendues plus acceptables par des réductions de taxe, elles ne seraient pas populaires. La privatisation d'Ontario Hydro évitera ce problème. L'ouverture du champ à la concurrence fera baisser les taux et créera également des sociétés disposées à payer la valeur intégrale de la ressource en eau.

(EE)

- Le gouvernement ne devrait pas augmenter le niveau d'imposition sur les alcools de bouche. Il devrait plutôt centrer ses efforts sur la perception des centaines de millions de dollars qui devraient lui être payés sur les 25 pour 100 d'alcools de bouche vendus au marché noir.
- (ORA)
- L'industrie de la restauration recommande l'élimination immédiate de la taxe d'accise sur la quantité de gallons qui s'applique aux établissements autorisés.
- (ORA)
- Nous recommandons de réduire la taxe sur l'alcool de 10 pour 100 qui s'applique aux établissements autorisés et de la ramener au taux normal de la taxe provincial, soit 8 pour 100.
- (ORA)
- Étant donné que nos concurrents ne sont pas seulement situés en Ontario, le gouvernement doit être conscient des taxes frappant les exploitants de l'accueil dans d'autres ressorts. Nous recommandons que le ministère des Finances entreprenne une étude et une analyse exhaustives de cette situation.
- (ORA)
- Dans son budget de 1991, le ministre fédéral des Finances a fait part de son intention de faire en sorte que l'impôt sur la feuille de paie et l'impôt sur le capital perçus par la province ne soient plus déductibles aux fins de l'impôt fédéral sur le revenu. Le budget indiquait un mécanisme permettant d'atteindre cet objectif et proposait une instauration progressive sur une période de trois ans à compter de 1992. Cette proposition a été reportée jusqu'à la fin de 1993. Si elle est adoptée, elle aura un effet sévère sur l'industrie de la restauration. L'élaboration du budget de l'Ontario doit tenir compte des réalités et de l'effet cumulé d'initiatives fiscales fédérales et provinciales.
- (ORA)
- Nous conjurons le ministre des Finances et le ministre de l'Agriculture et de l'Alimentation d'entreprendre un examen complet de l'imposition des aliments, qui tienne compte des multiples intérêts.
- (ORA)
- L'industrie de la restauration est très inquiète au sujet d'une proposition visant à instaurer un permis ou des droits de licence de manipulation des aliments que le gouvernement examine actuellement. Il faudrait éviter toutes les taxes à l'emploi ou tout impôt per capita parce qu'ils menacent la création d'emplois.
- (ORA)

- Le gouvernement doit assumer un rôle de direction et négocier l'élimination des barrières interprovinciales au commerce qui subsistent, en particulier pour la bière, le vin et les produits agricoles soumis à la gestion des approvisionnements, en vue d'améliorer la compétitivité de l'industrie de la restauration.
- (ORA)
- Le gouvernement provincial devrait jouer un rôle de courtier mettant en rapport les institutions financières et les associations de l'industrie pour augmenter l'accès aux capitaux d'investissement. Le gouvernement devrait aussi élargir les responsabilités de la Société de développement de l'Ontario pour y inclure les établissements de restauration et d'hébergement qui jouissent d'antécédents solides et éprouvés et n'affrontent que des difficultés temporaires.
- (ORA)
- L'instauration de terminaux vidéo pour les loteries représente un double avantage pour l'Ontario. Elle procurerait au gouvernement un montant appréciable de recettes non fiscales. Les terminaux placés dans des établissements autorisés fourniraient à l'industrie de l'accueil un avantage sur la concurrence dans les régions frontalières et encourageraient les Américains et les Américaines à franchir la frontière pour se rendre en Ontario.
- (ORA)
- L'industrie de la restauration conjure le gouvernement de fixer une structure de prix minimale au niveau de la consommation et non pas au niveau du commerce de gros. Cela améliorerait la compétitivité de l'Ontario sur le marché touristique en général et répondrait aux besoins opérationnels de l'industrie de l'accueil. À mesure que la part du marché évoluerait de la consommation à domicile vers les établissements autorisés, le gouvernement pourrait bénéficier de nouvelles recettes fiscales et les emplois augmenteraient.
- (ORA)
- Pour permettre aux établissements autorisés d'affronter équitablement la concurrence, il faut autoriser des modifications aux heures d'ouverture. L'allongement des heures d'ouverture jusqu'à 3 h et la fixation de l'ouverture le dimanche à 11 h constitueraient d'importants stimulants économiques à l'intérieur de l'industrie du tourisme et de l'accueil. Ces modifications entraîneraient la création de plusieurs milliers d'emploi partout en Ontario.
- (ORA)

- Un relèvement à 8 pour 100 de la commission sur la vente de billets de loterie, qui est actuellement en moyenne de 5 pour 100 de toutes les ventes, augmenterait en moyenne nos recettes de 3 900 \$ par magasin, sans augmentation de frais. Bien que cela ne remplace pas la perte de recettes causée par l'ouverture des magasins le dimanche, cela pourrait doubler nos marges bénéficiaires nettes.

- Parce que le droit de vendre de la bière et du vin dans nos magasins est une solution tellement valable à tous les problèmes que nous a causés l'ouverture des magasins le dimanche, nous estimons que l'on devrait l'envisager avec une particulière attention.

(OCSA)

Distilleries

- Nous recommandons que le gouvernement annonce son engagement aux principes de l'équité et de l'égalité dans l'imposition des alcools de bouche dans le prochain budget.

(ADC)

- Nous recommandons que le gouvernement examine de près les solutions de remplacement indiquées par le groupe de travail constitué pour examiner une structure fiscale plus équitable pour les alcools de bouche. Dans le prochain budget, il devrait annoncer l'adoption de la solution de remplacement qui est considérée comme la plus acceptable actuellement et qui aboutirait à des règles du jeu équitables sur une période de trois ou quatre ans.

(ADC)

- Nous recommandons que le gouvernement continue de travailler avec nous pour découvrir d'autres moyens de relever la viabilité de l'industrie des spiritueux, tout en encourageant des attitudes responsables en société à l'égard de la consommation des alcools de bouche.

(ADC)

Industrie de la restauration

- Le gouvernement doit assumer un rôle de direction et accélérer les changements à apporter au système de gestion des approvisionnements du Canada. Il devrait mettre en oeuvre la fixation de prix de gros compétitifs des produits laitiers et des volailles vendus à l'industrie de la restauration. Une stratégie de mise en oeuvre structurée et planifiée serait également en sorte que les producteurs agricoles ne soient pas «forcés», dans un bref laps de temps, de s'adapter aux décisions du commerce extérieur.

(ORA)

Culture

- Nous demandons instamment au gouvernement de supprimer l'augmentation excessive de la taxe sur le carburant diesel, soit 3,4 cents le litre, instaurée dans le budget de l'Ontario de 1991. (La deuxième tranche de 1,7 cent le litre est entrée en vigueur en janvier 1992.) Il y a lieu de noter que le Québec a récemment réduit de 2,2 cents le litre sa taxe sur le carburant diesel.
 - Pour des motifs d'égalité et de droit, l'industrie du camionnage devrait être exonérée du paiement de la taxe provinciale sur les pneus.
- (ACO)
- (ACO)

Dépanneurs

- Compte tenu des graves contraintes financières avec lesquelles le gouvernement de l'Ontario est aux prises, nous proposons qu'en 1993-1994, le gouvernement maintienne le financement de base du Conseil des Arts de l'Ontario au même niveau qu'en 1991-1992 (43 542 884 \$), qui comprendrait le rétablissement de la réduction de 1 pour 100 du financement de base pour l'exercice 1992-1993. Toute réduction du financement de base risquerait de restreindre sévèrement notre capacité de soutenir les emplois, la créativité et la production artistique dans le secteur culturel de l'Ontario.
 - Nous recommandons que le gouvernement instaure un contrôle des loyers commerciaux à titre d'allègement inscrit dans la loi pour les propriétaires de dépanneurs.
 - On devrait interdire aux municipalités d'imposer des droits de licence et autres coûts.
- (OCSA)
- (OCSA)
- (OCSA)
- Le gouvernement percevra quelque 32 millions de dollars de taxe de vente au détail dans nos magasins en 1993. Le gouvernement devrait rembourser la perte de profits de 15 millions de dollars par suite de l'ouverture des magasins le dimanche aux magasins encore en exploitation, en éliminant ou en relevant le plafond imposé aux propriétaires de dépanneurs sur les commissions au titre de la perception de la taxe de vente au détail.
- (OCSA)

Taxes sur les locaux professionnels des entreprises

- Nous recommandons qu'il y ait un complètement de discussions et de recherches concernant les taxes sur les locaux professionnels des entreprises avant d'entreprendre de modifier le système actuel.

(ICCP)

LES QUESTIONS SECTORIELLES

Agriculture

- Pour répondre aux besoins de tous les participants de notre industrie, nous recommandons la fermeture des parcs à bestiaux publics de l'Ontario.

(OPLAMO)

Camionnage

- Nous plaçons pour l'instauration, dans certaines conditions, de péages pour accélérer la construction de nouveaux chantiers routiers comme la route 407.

(ACO)

- Nous recommandons que l'on n'instaure pas de taxe sur le combustible au carbone. Cela aurait un grave effet négatif sur la compétitivité et des avantages restreints pour l'environnement.

(ACO)

- Nous croyons qu'une taxe sur le poids et la distance est régressive et répugnante sur le plan administratif pour les transporteurs et le gouvernement. Nous remarquons que la plupart des États américains qui avaient une taxe de ce genre l'ont maintenant abrogée.

(ACO)

- Nous recommandons l'instauration de crédits d'impôt à l'investissement, un amortissement accéléré et une taxe de vente provinciale plus basse pour encourager l'investissement en un matériel de camionnage plus neuf, plus productif, plus efficace et favorable à l'environnement.

(ACO)

- Nous avons confiance que compte tenu du lourd fardeau fiscal que supporte l'industrie des biens immobiliers, le gouvernement n'aggraver pas les difficultés financières de l'industrie en instaurant un impôt minimum sur les sociétés. (ICCP)

- Nous recommandons que le gouvernement assortisse tout nouvel impôt sur les sociétés d'exceptions, de taux et autres dispositions qui protégeront le grand nombre d'entreprises financièrement vulnérables, qui seront nécessaires pour approvisionner la nouvelle infrastructure de la province. (COCA)

Taxe de vente au détail

- Il faut éviter tout mouvement visant à privilégier les taxes de vente comme sources de recettes comparativement à d'autres assiettes de l'impôt. Nous encourageons le gouvernement à maintenir son objectif d'éliminer en fin de compte la taxe de vente au détail. Toutefois, compte tenu de la situation financière actuelle de la province, l'objectif à court terme devrait être de ne pas augmenter cette taxe. (ORA)

Harmonisation fiscale

- L'Ontario doit harmoniser sa taxe de vente au détail avec la taxe fédérale sur les produits et services, tout en maintenant la neutralité des recettes, puis conclure une convention de perception mixte avec le gouvernement fédéral et les autres provinces. (BTMT)

- La taxe de vente provinciale devrait être harmonisée avec la TPS fédérale. (CCIP, DRI)

Taxes sur le tabac

- Il est impératif de réduire les taxes sur le tabac pour prévenir une nouvelle escalade des produits de contrebande, qui érode la contribution financière à l'économie de ceux qui travaillent légalement dans l'industrie du tabac. (COCTJ)

Impôt sur les concentrations commerciales

- Pour assurer l'équité dans toutes les opérations de fabrication et de transformation et pour assurer que les établissements d'accueil touristique restent compétitifs, l'industrie de la restauration recommande vigoureusement la suppression de l'impôt sur les concentrations commerciales qui frappe les hôtels et restaurants de la région du grand Toronto.

(ORA)

- L'impôt sur les concentrations commerciales devrait être aboli. C'est un impôt fortement discriminatoire qui repose seulement sur des critères matériels sans égard à la valeur ou au caractère de l'élément d'actif imposé.

(BTMT)

- Il faut abolir l'impôt sur les concentrations commerciales.

(QCCIP)

Impôt sur les sociétés

- Il faut abroger le paragraphe 11 (5) de la *Loi sur l'imposition des corporations* qui refuse 5/15 des honoraires de gestions, loyers et redevances payés par une société ontarienne à un non-résident avec lequel elle ne traite pas sans lien de dépendance, même si ces frais sont calculés aux taux du marché.

(BTMT)

- Un impôt minimum sur les sociétés rendrait le système fiscal de l'Ontario moins compétitif par rapport aux autres ressorts canadiens ou américains.

(BTMT)

- L'Ontario devrait adopter une définition de l'«établissement permanent» dans la *Loi sur l'imposition des corporations* qui soit semblable à celle que renferme la convention fiscale entre le Canada et les États-Unis.

(BTMT)

- Une répartition plus logique du revenu imposable, dans le cas d'une corporation qui est membre d'une société en nom collectif, serait de stipuler, aux fins du règlement 301 pris en application de la *Loi sur l'imposition des corporations*, que le revenu «imposable» de la société en nom collectif est réparti distinctement, en vertu du règlement 302, entre les provinces dans lesquelles la société en nom collectif a un établissement permanent.

(BTMT)

Impôt sur la spéculation foncière

- Il ne faudrait pas instaurer d'impôt sur la spéculation foncière. La préoccupation des membres du groupe de travail de la Commission de l'équité fiscale qui ont appuyé un impôt sur la spéculation foncière serait mieux apaisée par d'autres moyens que la fiscalité, en particulier par un examen de l'aménagement du territoire.

(BTMT)

Droits de cession immobilière

- Les droits de cession immobilière devraient être révisés. Les taux devraient être réduits de façon à restaurer leur objet de taxe d'usager pour financer les coûts d'enregistrement pour le gouvernement.

(BTMT)

Impôt-santé des employeurs

- Nous recommandons l'abolition de l'impôt-santé des employeurs et son remplacement par un système de primes d'assurance-maladie. Nous recommandons également que les primes soient assorties d'une franchise selon laquelle une personne ou une famille peut choisir une prime plus faible avec franchise ou une prime plus élevée sans franchise.

(AGAPI)

- Le mécanisme d'application de l'impôt-santé des employeurs aux travailleurs indépendants devrait être modifié pour obtenir une équité horizontale.

(BTMT)

Impôt sur le revenu des particuliers

- Nous encourageons des réductions générales du taux de l'impôt sur le revenu des particuliers. Nous demandons instamment au gouvernement de s'abstenir de tous projets artificiels ou de dépenses d'immobilisations qui avantageront un petit nombre d'industries et leurs travailleurs. Les avantages de programmes de ce genre sont de courte durée. L'argent destiné à ces projets serait mieux dépensé, si dépense il y a, à l'avantage de tous les Ontariens sous forme de diminutions générales d'impôt.

(AGAPI)

- Il devrait y avoir un gel frappant les nouveaux impôts et taux d'impôt. Cela donnerait au secteur privé la chance de produire l'activité économique qui produira plus de recettes fiscales totales. (CCO)

Charges sociales

- Pour encourager la création d'emplois et limiter l'effet de charges sociales régressives sur les petites entreprises, l'industrie de la restauration encourage le gouvernement à ne pas augmenter le taux global des charges sociales et à instaurer une exemption de 500 000 \$ de paye pour les petites entreprises. (ORA)

- L'industrie de la restauration est vivement opposée à l'imposition de nouvelles charges sociales, notamment des charges sociales pour financer la formation dans le cadre du Conseil ontarien de formation et d'adaptation de la main-d'œuvre. (ORA)

- Nous recommandons que le gouvernement assortisse toutes nouvelles charges sociales d'exemptions, de taux et autres dispositions qui protégeront le grand nombre d'entreprises du bâtiment financièrement vulnérables, qui seront nécessaires pour approvisionner la nouvelle infrastructure de la province. (COCOA)

Commission de l'équité fiscale

- Nous recommandons que les gouvernements fédéral et provincial examinent ensemble les modifications à la Commission de l'équité fiscale proposées par le Groupe de travail sur les impôts et les femmes. (ONGA)

- Nous recommandons que le rapport de la Commission de l'équité fiscale se penche sur la question de l'effet de la fiscalité sur l'aptitude des secteurs commercial et industriel de l'Ontario à survivre et à croître dans une économie mondiale où règne de plus en plus la concurrence sur le plan des prix. (ONGA)

(AGAPI)

(AGAPI)

(ACO, APCHO)

(ONGA)

(BTMT)

(BTMT)

(CCIP)

- Nous croyons que les taux d'impôt des particuliers et des sociétés devraient être décomposés en fonction des programmes qu'ils sont censés financer. Nous croyons que cela entraînera une plus grande obligation de rendre compte des dépenses publiques, car les augmentations des taux qui les composent, causées par une augmentation des dépenses, devront être justifiées. Cela forcera les programmes à fonctionner dans le cadre des recettes recueillies.
- Étant donné que les impôts sur les sociétés ne représentent que 13 milliards de dollars des recettes publiques, nous croyons que de généreux crédits d'impôt seront plus efficaces que les dépenses publiques. Ils n'auront pas d'effet discernable sur les recettes publiques.
- Nous demandons vivement qu'il n'y ait pas d'augmentations d'impôt dans le budget de 1993.
- Nous mettons en garde contre d'importantes réformes dans les circonstances actuelles et recommandons que les futurs changements soient marginaux et aussi neutres que possible sur le plan des recettes de façon à éviter de faire tort à l'économie.
- À mesure qu'augmentent la fréquence et le coût des activités de remise en état et de nettoyage des chantiers, il faudrait procurer un mécanisme satisfaisant en vertu de la *Loi sur l'imposition des corporations* et la *Loi de l'impôt sur l'exploitation minière* pour répartir le revenu et les dépenses comme le requièrent maintenant les principes comptables généralement reconnus au Canada.
- La *Loi sur les taux municipaux d'intérêt et d'escompte* devrait être modifiée pour obliger les municipalités à verser un intérêt sur les remboursements d'impôt résultant d'un appel de cotisation qui a été accueilli ou à toute autre occasion où un contribuable a effectué involontairement un paiement d'impôt en trop.
- Le gouvernement devrait poursuivre ses efforts, comme ceux de la Commission de l'équité fiscale, pour démanteler les rôles et restreindre le système fiscal de façon à produire un système juste et équitable qui ne décourage pas l'investissement et maintienne la compétitivité de l'Ontario.

(OFIA)

Il faudrait diminuer les impôts et non les augmenter. Le Canada et l'Ontario ne sont pas compétitifs par rapport à leurs principaux concurrents.

FISCALITÉ

(LETS)

Nous aimerions que le gouvernement de l'Ontario examine et endosse LETS (Local Employment and Trading System). Nous aimerions disposer de fonds pour un projet-pilote afin de prouver, une fois pour toutes, que l'idée est viable. Qui plus est, nous aimerions que le gouvernement mette sur pied un centre d'éducation et de ressources.

Troc

(OGRA)

Lorsque le gouvernement provincial adoptera une loi pour créer des routes provinciales à péage, la loi devrait être assez permissive pour permettre aux municipalités d'appliquer aux routes municipales ce système et tout autre nouveau système de financement.

(OGRA)

Nous appuyons l'instauration de routes à péage. Notre appui est toutefois sous réserve de bien des points déjà mentionnés dans la politique provinciale. Seules, les nouvelles routes devraient faire l'objet d'un financement par recours au péage. Il doit exister une autre route que les automobilistes peuvent emprunter et qui n'exige pas le paiement d'un péage. Tous les fonds perçus doivent être consacrés aux dépenses d'immobilisations et aux frais d'administration de cette route. Lorsque les coûts d'immobilisations de la route seront remboursés, les péages doivent disparaître. L'instauration de péages ne doit pas être utilisée par le gouvernement comme une raison pour réduire les fonds actuellement consacrés aux routes. Nous maintenons également qu'une taxe sur les carburants spécialement affectée est un moyen pratique et acceptable de financer des projets routiers.

(COCA)

Nous recommandons que le gouvernement invite des membres de l'industrie de la construction à faire partie des conseils d'administration des trois nouvelles sociétés d'État.

Le gouvernement ne devrait pas détenir de terrains à des fins d'investissement ou d'aménagement futur.

(APCHO)

On ne devrait pas créer de nouvelles sociétés d'État, comme celles qui ont été annoncées récemment, parce qu'elles représentent des occasions d'engager plus de dettes et de prendre plus d'engagements financiers. Toutefois, si le gouvernement tient à les créer, deux choses doivent en résulter :

- Les recettes actuelles du gouvernement comme les taxes sur l'essence ou sur l'eau devraient être attribuées à ces organismes pour financer leurs activités. Ces taxes seraient alors supprimées des recettes générales de fonctionnement du gouvernement;

- L'Assemblée législative devrait adopter une loi qui exige que ces organismes aient un budget équilibré, selon la méthode de comptabilité de caisse, sans exception ni financement hors bilan. Cette pratique empêchera ces organismes de contracter des dettes qui exigeront que l'on contracte de nouvelles dettes pour financer le coût des obligations financières.

(AGAP)

- Notre seule mise en garde quant à la formation d'une société de financement des transports serait que le gouvernement veille à ce que les entrepreneurs de l'Ontario, qui, au cours de nombreuses années, ont construit et entretenu dans cette province un système d'infrastructure routière de premier ordre aient la garantie d'être au premier plan de cet aménagement.

(ORBA)

- La société proposée de financement dans les transports devrait acquérir toutes les voies ferrées abandonnées par voie d'achat, d'expropriation ou de location et les détenir en vue de futurs services de chemins de fer interurbains. La société devrait planifier et appliquer, à l'échelle de la province, des systèmes de pistes de transport rapide sur les routes existantes. Nous croyons aussi que la société devrait planifier et mettre en oeuvre, à l'échelle de la province, un système de voies ferrées à offrir aux exploitants des voies, de la même manière que les routes provinciales sont mises à la disposition de leurs usagers. Un programme complet d'éducation du public et une campagne dans ce sens assureraient l'instauration de ces mesures.

(EPT)

- Le ministère des Finances devrait réunir aux comptes budgétaires de la province la partie qui incombe à la province des dépenses de la nouvelle société de financement ainsi que la part publique de sa dette.

(BTMT)

- L'Ontario devrait continuer de pousser le gouvernement fédéral à éliminer les plafonds actuels imposés aux transferts aux provinces, pour reconnaître à quel point la province a été frappée par l'actuelle récession. (FEEPO)

- Le gouvernement provincial devrait demander que le gouvernement fédéral applique à toutes les provinces les mêmes contraintes concernant le Régime d'assistance publique du Canada. (BTMT)

- Le gouvernement provincial devrait chercher à prendre l'initiative d'une démarche fédérale-provinciale visant à déterminer quel palier de gouvernement devrait assumer à la fois le financement et les responsabilités administratives des programmes que les paiements de transfert fédéraux financent actuellement. (BTMT)

Salaires du secteur privé

- Le gouvernement devrait instaurer l'équité salariale dans le secteur public au sens large seulement dans un cadre qui tienne compte du besoin de ramener les salaires moyens du secteur public au niveau de ceux du secteur privé. (Les salaires du secteur public représentent 48 pour 100 du total des dépenses publiques. Les salaires du secteur privé sont, en moyenne, 12 pour 100 moins élevés.) (BTMT)

- Il devrait y avoir une réduction générale immédiate des salaires de 2 pour 100 pour tous les employés du secteur public. Cette réduction devrait être suivie de réduction de 4 pour 100 durant chacun des exercices 1994-1995 et 1995-1996. (CCO)

Sociétés d'Etat

- Il faudrait créer des organismes publics pour construire et entretenir les routes principales et secondaires ainsi que les travaux d'égouts et d'aqueducs, à condition qu'ils ne constituent pas de monopoles et qu'ils soient tenus de recouvrer la totalité de leurs coûts au moyen de redevances des usagers. (APCHO)

Productivité

- Nous recommandons les mesures suivantes pour améliorer la productivité au sein du gouvernement :

- Garder au strict minimum le nombre de nouvelles mesures de réglementation qui augmentent les coûts des entreprises;

- Accorder la priorité à la R et D du secteur privé en Ontario de la part de compagnies appartenant à des étrangers;

- Appuyer des mesures visant à améliorer la sécurité énergétique de l'Ontario ainsi que des options énergétiques qui réduisent les coûts d'énergie et aident l'environnement;

- Continuer à soutenir le recyclage et la formation professionnelle des travailleurs et à travailler pour obtenir une meilleure confiance et de meilleures relations entre les paliers fédéral et provincial dans ce secteur si délicat;

- Faire la promotion d'un climat d'affaires positif et attrayant;

- Examiner si l'on a fait suffisamment pour la promotion des biens et services produits en Ontario et pour faire valoir l'Ontario comme un emplacement de choix pour un nouvel investissement.

(ONGA)

Relations fédérales-provinciales

- Le gouvernement de l'Ontario doit se joindre au gouvernement fédéral pour stimuler l'économie au moyen de réductions d'impôt. L'économie ne devrait pas être suffoquée par des hausses d'impôt et des déficits vertigineux.

(White)

- Une collaboration plus étroite est nécessaire entre la province et le gouvernement fédéral dans les domaines du perfectionnement de la main-d'œuvre, de la réforme de l'aide sociale et de la coordination des politiques fiscales et financières.

(BTMT)

- Le gouvernement provincial devrait être l'ardent défenseur de la création d'un marché commun canadien pour la libre circulation des biens, des services, des travailleurs et des capitaux.

(BTMT)

- Nous croyons vivement que ce gouvernement doit mettre l'accent sur le membre de l'équation que représente la création d'emplois pour obtenir toute réduction substantielle du déficit.
- (ORBA)
- Les méthodes comptables du gouvernement devraient tenir compte de la véritable situation financière de la province et rejeter les techniques comme le report de coûts et une comptabilité hors bilan.
- (OFIA)
- Le budget de fonctionnement du gouvernement devrait être équilibré en trois ans, sans hausse nette d'impôt.
- (ONGA)
- Une fois que le compte du gouvernement sera équilibré, il faudrait mettre de côté des fonds venant des recettes de fonctionnement pour rembourser, sur une période de 15 à 20 ans, la partie de la dette existante que l'on peut raisonnablement attribuer au déficit accumulé du budget de fonctionnement.
- (ONGA)
- Si le budget de fonctionnement accuse deux déficits annuels consécutifs une fois qu'il aura été équilibré, le niveau des dépenses de fonctionnement devrait être gelé d'office jusqu'à l'élimination du déficit et de tout emprunt connexe.
- (ONGA)
- La dépréciation des immobilisations devrait être imputée au compte de fonctionnement.
- (BTMT)
- La province a besoin d'un jeu de livres véritablement transparent de façon que les Ontariens puissent vraiment comprendre la situation financière de la province.
- (CCO)
- Nous recommandons que le gouvernement prenne l'initiative d'une nouvelle ronde de réductions de ses frais de fonctionnement actuels totalisant entre un et deux milliards de dollars au cours de chacun des deux prochains exercices. Ces économies devraient être accompagnées d'augmentations équivalentes des dépenses d'immobilisations.
- (COCOA)

Méthodes comptables

- Le gouvernement devrait ramener ses dépenses de fonctionnement courantes à 1,5 pour 100.
- (White)
- Nous croyons que l'on a beaucoup trop mis l'accent sur les augmentations d'impôt. Il est nécessaire d'accorder plus d'attention à la maîtrise des dépenses.
- (ORA)
- Il faudrait placer chaque année une partie des recettes budgétaires suffisante pour rembourser la dette engagée pour des investissements en immobilisations dans un fonds d'amortissement.
- (ONGA)
- Le gouvernement devrait faire le nécessaire pour réduire le déficit total actuel (immobilisations et fonctionnement). On devrait viser une réduction de 10 pour 100 pour 1993-1994.
- (APCHO)
- Tous les ministères et organismes du gouvernement devraient introduire le concept du budget base zéro, éliminant par là l'habitude de dépenser la totalité du budget de l'exercice courant pour justifier les demandes de budget pour l'exercice suivant. Il faudrait mettre en oeuvre un plan quinquennal qui exigerait que le gouvernement équilibre son budget au plus tard à la fin de cette période.
- (AGAPI)
- Il faudrait créer un équivalent de la Commission de l'équité fiscale pour le secteur des dépenses. Des observateurs de l'extérieur examineraient les façons dont les fonds publics sont dépensés et recommanderaient des façons d'économiser de l'argent. Sans un groupe de ce genre, il y aura une détérioration permanente et progressive de la façon dont les citoyens perçoivent que leurs dollars d'impôt sont dépensés.
- (BCIC)
- Le Comité est prié de recommander un changement de la méthode comptable de la province, remplaçant la comptabilité de caisse par la comptabilité d'exercice.
- (BCIC)
- L'industrie de la restauration croit qu'il est impératif que le gouvernement s'efforce de contenir et de réduire le déficit provincial.
- (ORA)

Dépenses d'immobilisations

- Si le gouvernement veut donner suite à des dépenses d'immobilisations, il devrait être clair qu'il y aura des recettes supplémentaires pour les payer. (DRJ)
- Nous demandons avec insistance à la province d'exiger que le gouvernement fédéral exerce ses pouvoirs constitutionnels et force la Banque du Canada à créer une masse monétaire raisonnable. Ces sommes d'argent seraient prêtées sans intérêt, ou à des niveaux de temps de guerre de 0,37 à 1 pour 100, aux provinces et municipalités pour qu'elles prennent en charge les nouveaux programmes d'infrastructure nécessaires (CFCM)
- L'engagement pris par le gouvernement de maintenir et d'améliorer l'infrastructure de la province et de soutenir le renouveau et la croissance de l'économie devrait se poursuivre. (FEEPO)
- Nous recommandons que le gouvernement accorde la plus haute priorité à des projets-pilotes provisoires qui commenceront à être construits pendant la période critique de 1993 à 1994. Nous aiderons le gouvernement à identifier, planifier et lancer ces projets. L'accent doit être mis sur un lancement immédiat. (COCA)
- Nous recommandons que le gouvernement invite des membres du secteur du bâtiment à faire partie d'un comité consultatif permanent chargé de communiquer l'apport d'idées du secteur privé aux priorités stratégiques en matière d'immobilisations. (COCA)
- Nous demandons instamment au gouvernement provincial de continuer à insister sur la nécessité d'élaborer un système d'évaluation de la valeur marchande qui soit juste et équitable. Il faudrait prendre le temps qui convient pour rechercher des solutions de échange ou des approches modifiées qui feront l'objet de débats complets, en public à la fois au conseil de la communauté urbaine et au palier provincial. (CCIP)

Évaluation de la valeur marchande

- L'industrie de la restauration appuie l'instauration de jeux de hasard de casino en Ontario tant qu'il s'agit de susciter un accroissement du tourisme. Pour assurer que l'on adoptera la bonne formule de casino, nous encourageons le gouvernement à intensifier ses consultations avec les principaux intéressés à Windsor et dans tout l'Ontario.

(ORA)

Démembrement des rôles

- Une plus grande coordination est nécessaire dans le fonctionnement des programmes des paliers de gouvernement (fédéral, provincial, municipal) de façon à éliminer le double emploi et le gâchis entre les programmes qui, soit font double emploi, soit poursuivent des fins opposées.

(AGAPI)

- Selon la phase 1 proposée de l'entente de démembrement des rôles, environ 2 100 kilomètres de routes provinciales seront transférés à des municipalités de palier supérieur dans le Sud de l'Ontario. Les économies réalisées grâce à ce transfert seront déduites des fonds alloués au ministère des Transports. Nous croyons qu'il est impératif de ne pas procéder à d'autres réductions des fonds du ministère à la suite de l'application de la phase 1. L'investissement dans l'infrastructure routière provinciale et municipale ainsi que son entretien doivent rester une priorité dans l'allocation des fonds par le ministre des Finances.

(OGRA)

- Bien que nous soutenions l'intention générale du démembrement des rôles, ce soutien dépend de la neutralité financière pour chaque municipalité. Nous avons recommandé d'examiner nos inquiétudes et de résoudre les conséquences financières. Les municipalités touchées par ces questions doivent recevoir des «crédits appropriés» pour assurer la neutralité financière.

(OGRA)

- Le gouvernement devrait jouer un rôle de direction dans les discussions sur le démembrement des rôles pour encourager l'élaboration des systèmes fiscaux plus équitables, en particulier aux niveaux provincial et municipal.

(JCIP)

- Il faut remédier au désavantage concurrentiel que représentent les niveaux élevés des cotisations des accidents du travail en Ontario par la réduction des coûts des demandes d'indemnités et de l'administration. (BTMT)
- On devrait arrêter immédiatement un défilé d'initiatives de dépenses qui sont un gâchis d'argent. (CCO)
- Le gouvernement devrait encourager les banques et autres grandes institutions de crédit à considérer à plus long terme les valeurs des biens immobiliers et à relâcher leurs restrictions actuelles de crédit aux nouveaux entrepreneurs. (JCCIP)
- Nous demandons à la province de poursuivre ses efforts pour annoncer le plus tôt possible ses paiements de transfert annuels aux municipalités. (OGRA)
- Compte tenu de l'expiration virtuelle du redressement du coût actuel de l'Ontario à la fin de 1991, il faudra instaurer des initiatives de remplacement pour encourager les programmes d'augmentation de la valeur immobilisée dans la province. (BTMT)
- Pour que la structure de l'impôt et des redevances des usagers de l'Ontario soit compétitive par rapport aux autres provinces et pays étrangers, la province devrait tenir compte de tous les coûts économiques reliés aux nouvelles propositions de recettes. (BTMT)
- La province devrait publier un programme de renouvellement économique qui tienne sincèrement compte de la propre influence du gouvernement, sous forme d'impôts et de lois, sur le coût de faire des affaires en Ontario. (BTMT)
- Les frais d'homologation et autres en dehors du système d'imposition ne devraient pas servir à percevoir des recettes, mais rester consacrés au financement des frais administratifs. (BTMT)

(BTMT)

- Le gouvernement provincial devrait cesser d'exprimer ses vues sur les accords de commerce internationaux dans les tribunes internationales où les dommages infligés à la réputation de l'Ontario comme lieu où faire des affaires risquent d'être les plus grands.

(BTMT)

- Le programme de réinstallation du gouvernement de l'Ontario devrait être annulé. Si l'objectif visé est le développement économique régional, une démarche plus efficace et plus puissante consisterait à fournir aux collectivités bénéficiaires désignées des fonds de développement économique qu'elles utiliseraient à leur discrétion.

(OFIA)

- Les services appartenant au gouvernement, contrôlés ou réglementés par lui, doivent être soumis aux disciplines et aux rigueurs de la concurrence.

(OFIA)

- Le gouvernement doit devenir plus efficace. Les programmes doivent être exécutés d'une manière qui minimise les coûts administratifs de façon à en maximiser les avantages.

(OFIA)

- Les dépenses publiques devraient être réduites, car les déficits constituent de futures hausses d'impôt. Le gouvernement devrait collaborer avec l'industrie à la réduction de l'ensemble de ses coûts. Il ne devrait pas réduire ceux-ci en les transférant à l'industrie.

(ONGA)

- Nous mettons en garde contre d'importantes réformes en matière d'évaluation foncière dans l'attente de plus de renseignements touchant les effets des changements sur l'équité et sur l'économie.

(CFCM)

- Le gouvernement de l'Ontario a sa propre banque, la Caisse d'épargne de l'Ontario, depuis 1921. La Caisse a maintenant 2,1 milliards de dollars de dépôts et 23 succursales à travers la province. Elle a 105 000 déposants qui possèdent 1,4 milliard de dollars dans ses comptes de chèques/d'épargne Trillium et quelque 700 millions de dollars dans 40 000 comptes de CPG. Tout l'argent déposé dans la caisse est prêté au gouvernement dont elle constitue la source de prêts la moins chère. Toutefois, 4 pour 100 seulement de la dette provinciale est financée par la caisse. Pourquoi le gouvernement, ainsi que ses organismes, ne peuvent-ils pas déposer leurs fonds à la caisse au lieu de réaliser leurs opérations bancaires avec les banques privées?

(AGAPI)

Nous implorons le gouvernement de revoir tous les programmes pour vérifier s'ils servent encore la fin pour laquelle ils ont été conçus à l'origine.

(AGAPI)

Il y aurait lieu de réexaminer avec un sens pratique les grandes décisions d'ordre public sur des sujets comme l'environnement et le contrôle des loyers.

(APCHO)

Le gouvernement devrait réduire et rationaliser la réglementation comme un moyen de soutenir le développement économique.

(APCHO)

Il devrait y avoir des réductions substantielles dans les dépenses publiques.

(APCHO)

La Partie III de la *Loi sur les redevances d'exploitation* devrait être abrogée.

L'ÉCONOMIE ET LES POLITIQUES FINANCIÈRES

(OHA)

Le Comité d'adaptation et de formation de la main-d'œuvre dans les hôpitaux (CAFMIH) a été créé l'an dernier. Il représente une alliance des travailleurs et de la direction. Il fait de son mieux pour amortir le choc de la restructuration de la main-d'œuvre, précisément dans le secteur hospitalier, à court terme. Le Conseil ontarien de formation et d'adaptation de la main-d'œuvre constitue un effort plus vaste pour rendre le recyclage professionnel dans tous les secteurs plus efficace en tenant compte des besoins locaux. Nous espérons que les hôpitaux pourront un jour avoir accès aux programmes du COFAM.

(OHA)

Le règlement proposé du ministère du Travail concernant les établissements de soins de la santé dans le cadre de la *Loi sur la santé et la sécurité au travail* aura un effet de fonctionnement unique estimatif de 88 millions de dollars pour les hôpitaux ontariens. Nous espérons et comptons bien que le gouvernement financera intégralement les coûts connexes ou qu'il y aura un jalonement ou une application progressive du règlement.

Subventions inconditionnelles

(COCS)

- Le gouvernement provincial devrait maintenir son engagement pluriannuel de 300 000 000 \$ par an de financement d'immobilisations aux conseils scolaires pour nouvelles places d'élèves et les rénovations d'écoles. Des fonds supplémentaires pour le remplacement d'écoles devraient être attribués en provenance de programmes provinciaux de travaux d'immobilisations à mesure que des programmes de ce genre sont élaborés.

(FEESO)

- L'éducation de l'enfance en difficulté, sous toutes ses formes, devrait être financée par une subvention distincte en fonction des programmes et non plus dans le cadre de la subvention inconditionnelle de base.

(FEESO)

- La subvention inconditionnelle pour les frais administratifs devrait renfermer une formule fournissant un financement et un personnel pour les postes d'agents de supervision, de conseillers et d'administrateurs du conseil en fonction du nombre d'élèves.

Hôpitaux

(OHA)

- Nous prions instamment le gouvernement de continuer à appuyer la démarche d'un budget global modifié en ce qui concerne les hôpitaux, comme l'a recommandé le Conseil du premier ministre sur la santé. Cela permet une certaine souplesse dans le financement des hôpitaux, qui donne au gouvernement la possibilité d'offrir une récompense pour encourager de nouvelles améliorations de la part des hôpitaux.

(OHA)

- La Commission des accidents du travail (CAT) a récemment adopté une orientation de politique qui forcerait les employeurs qui engagent des stagiaires participant à un programme de formation à payer des cotisations à la CAT. Nous demandons l'appui du Comité pour faire pression sur la CAT pour revenir sur cette décision mal avisée.

(OHA)

- Nous avons demandé instamment au gouvernement de clarifier son engagement de financer intégralement les coûts de mise en oeuvre de l'équité salariale. Il existe une profonde inquiétude quant à la capacité des hôpitaux d'absorber d'éventuelles conséquences financières rétroactives de cette mise en oeuvre, particulièrement en raison des contraintes budgétaires actuelles.

Nutrition des enfants

- Le gouvernement devrait assumer un rôle de direction dans la création d'un programme de nutrition des enfants, reconnaissant les avantages à long terme d'un programme de ce genre.
- (FEFPO)

- La province devrait rendre des fonds disponibles pour des programmes de repas scolaires et d'orientation diététique.
- (FWTAO)

Personnel professionnel de soutien administratif

- Le ministère de la Culture, du Tourisme et des Loisirs, le ministère des Services sociaux et communautaires et le ministère de la Santé devraient fournir aux conseils un financement de transfert pour assurer la présence d'un personnel professionnel de soutien administratif dans les conseils. Le nombre de personnes nécessaires devrait être déterminé et financé d'une façon analogue à la notion de subventions compensatoires actuellement en vigueur pour le financement de l'éducation.
- (FEESO)

- Le ministère de l'Éducation devrait modifier la *Loi sur l'Éducation* pour rendre obligatoire la présence d'un personnel professionnel de soutien administratif.
- (FEESO)

- Un financement provincial devrait être disponible pour l'emploi de professionnels de la santé dans les écoles.
- (FWTAO)

Subventions d'immobilisations

- Les conseils scolaires devraient être tenus d'établir des plans à long terme pour la construction d'immobilisations et des réserves pour des postes de dépenses à long terme qui soient clairement identifiables et non transférables.
- (FEESO)

- Nous recommandons que le programme de subventions d'immobilisations soit révisé cette année pour :
 - Obtenir des rendements et économies d'ordre administratif;
 - Fournir un processus provincial clair et acceptable d'attribution des fonds aux conseils scolaires et non à telle ou telle école;
 - Pourvoir à la souplesse et à l'innovation locales.
- (ACSPQ)

(COCS)

Le gouvernement devrait fixer un taux du millième applicable à l'échelle de la province pour l'évaluation foncière commerciale et industrielle aux fins de l'éducation. Les recettes fiscales en résultant devraient être mises en commun et des plafonds de subvention réalistes (niveaux de dépenses approuvés pour le soutien provincial) devraient être fixés et soutenus par les fonds mis en commun, les subventions provinciales et les recettes fiscales résidentielles.

(COCS)

Le gouvernement provincial devrait augmenter sa part du financement de l'éducation à mesure que ses recettes augmentent, en vue de réduire la pression sur l'assiette de l'impôt foncier local.

(COCS)

On devrait tenir compte du revenu moyen des ménages pour les contribuables résidentiels dans une formule de péréquation aux fins des subventions à l'éducation.

Financement de transfert

(FEESO)

Le ministère des Services sociaux et communautaires, le ministère des Affaires civiques et le ministère des Transports devraient fournir un financement de transfert pour procurer des installations de garderie dans les écoles, des programmes de la citoyenneté et de langues d'origine et des cours de formation à la conduite automobile.

(FEESO)

Le ministère de la Santé devrait fournir un financement de transfert aux conseils pour apporter un soutien en matière d'hygiène aux élèves ayant des besoins particuliers, pour l'éducation en matière de SIDA, de drogues et de nutrition, pour des tests de la vision et de l'audition, etc.

Intégration des services

(FEPO)

Le gouvernement devrait agir pour intégrer les services fournis par les ministères de l'Éducation, de la Santé et des Services sociaux et communautaires, chaque fois que cela est faisable, afin que l'on puisse réaliser des économies de coûts.

(FWTAO)

Nous croyons que la coordination des services peut constituer une meilleure utilisation des ressources actuelles et qu'elle a le potentiel voulu pour aider les enfants dans le besoin à se développer sur le plan social, affectif et éducatif.

- Il doit y avoir une réévaluation de tous les programmes d'éducation obligatoires et discrétionnaires en vue de fixer les priorités du gouvernement en fonction des ressources disponibles. (ACSPQ)
- Comme on n'a pas fourni d'appui suffisant au fonctionnement de l'éducation pour la mise en oeuvre de la réforme des programmes et de nouveaux programmes obligatoires, les conseils des écoles publiques doivent avoir la permission d'instaurer progressivement les nouvelles politiques et les nouveaux programmes *en fonction des besoins locaux et de leur capacité contributive* (italiques dans le mémoire). (ACSPQ)
- Nous recommandons que la *Loi sur les municipalités* et la *Loi sur l'éducation* soient modifiées durant la prochaine session de l'Assemblée législative de façon à procurer un partage équitable des paiements tenant lieu d'impôts entre les municipalités et les conseils scolaires. (ACSPQ, FEESO)
- Les constatations de la Commission de l'équité fiscale, en particulier celles du Groupe de travail sur l'impôt foncier, devraient être appliquées dès que possible à la réforme fiscale en Ontario. Il faudrait faire supporter le fardeau du financement de l'éducation par une assiette fiscale plus progressive. (FEEO)
- Le gouvernement devrait ralentir le processus de réforme du programme d'études durant la présente période de restrictions budgétaires. (FEEO)
- On ne devrait envisager la mise en commun de l'évaluation foncière que conjointement à la création de conseils scolaires confédérés. (FEESO)
- Nous recommandons que la *Loi sur l'éducation* et la *Loi sur les municipalités* soient modifiées durant la prochaine session de l'Assemblée législative afin de réviser l'échéancier pour assurer un transfert plus réaliste aux conseils scolaires des fonds de l'impôt foncier destinés à l'éducation. (ACSPQ)

Évaluation

Collèges communautaires

- Nous avons besoin d'une grande expansion du système collégial et d'un investissement dans ce système. C'est là que nous avons le plus efficacement réussi l'apprentissage appliqué et les aptitudes générales.

(COAC)

Écoles

- Le système d'éducation devrait continuer d'être financé par des subventions de la province et l'impôt foncier. La part provinciale du financement devrait augmenter.
- (FEESO)
- L'information comptable des augmentations pour l'éducation devrait refléter le changement réel dans les fonds par catégorie et budget total.
- (FEESO)
- Tous les élèves, sans égard à leur âge, et tous les crédits secondaires devraient être financés de la même façon.
- (FEESO)
- Le gouvernement provincial devrait, en collaboration avec les conseils scolaires et les groupes d'employeurs, mettre en oeuvre un système confédéré de conseils scolaires garantissant les droits publics, confessionnels et linguistiques.
- (FEESO)

(FEESO)

- Le gouvernement provincial devrait instaurer une loi enjoignant à tous les conseils scolaires coincidentes de constituer des comités mixtes pour mettre en oeuvre une prestation mixte de services et programmes d'éducation déterminés sur le plan local.
- (FEESO)

- Le gouvernement provincial, de concert avec le gouvernement fédéral, devrait adopter une surtaxe des sociétés, qui servirait d'encouragement à l'industrie à recycler et à former, de telle façon que tout dollar dépensé par l'industrie au chapitre de la formation et du recyclage puisse être récupéré grâce aux recettes produites par la surtaxe.

(FEESO)

- Le plateau du soutien au fonctionnement de l'éducation doit s'accompagner de procédés de négociation collective assez souples pour permettre aux conseils scolaires de rajuster les contrats négociés.

(ACSPQ)

- Nous prions instamment le Comité de recommander au ministre des Finances de poursuivre plus vigoureusement le recouvrement des prêts dès que les emprunteurs touchent un revenu pour accroître les ressources des universités de façon à nous permettre de maintenir nos niveaux d'accessibilité qui se sont déjà avérés admirables. (CNU)
 - Nous nous opposons énergiquement, en matière d'aide financière aux étudiants, au remplacement des subventions par des prêts. Les perspectives de fortes dettes à rembourser dissuadent les étudiants, en particulier les étudiantes et les personnes venant de groupes traditionnellement sous-représentés, à poursuivre leurs études. (UAPUO)
 - Le gouvernement ferait bien mieux de passer son temps à influencer le gouvernement fédéral pour qu'il restaure le financement des programmes essentiels à ses niveaux antérieurs qu'à participer à des négociations avec le gouvernement fédéral pour qu'il adopte un régime complet de remboursement de prêts auprès de ceux qui ont un revenu. (FEO)
- Financement
- L'éducation supérieure joue un rôle décisif dans la reprise économique et sociale. Le sous-financement du système menace la qualité, l'accès et l'équité. (UAPUO)
 - En matière de financement, nous proposons que le Comité recommande que les 2 pour 100 qui ont été promis cette année soient placés dans le financement de base ainsi que les 2 pour 100 qui ont été promis pour la troisième année. (FEO)
 - L'enseignement postsecondaire devrait être financé au moyen d'un impôt de 3 pour 100 sur les sociétés et d'un système d'impôt sur le revenu plus gradué ou progressif. Si le gouvernement estime qu'il ne peut pas, pour le moment, recueillir des fonds au moyen des recettes fiscales, il peut être sage à long terme de s'endetter davantage et d'investir dans l'enseignement postsecondaire. (FEO)

Paiements de transfert

- Nous recommandons que tout nouveau programme soit nécessairement accompagné d'un financement proportionnel à son coût permanent. L'instauration de programmes de ce genre doit faire l'objet d'une consultation valable et d'une entente subséquente. Aux fins de leur acceptabilité et de leur maintien, les avantages des programmes doivent l'emporter sur leur coût.

(AMO)

- Nous recommandons que la province fournisse aux municipalités une annonce triennale des transferts inconditionnels à titre permanent.

(AMO)

- Nous recommandons que la province fasse honneur à son engagement antérieur d'augmenter les transferts de 2 pour 100 en 1994.

(AMO)

- Nous recommandons que les transferts inconditionnels pendant les années à venir soient augmentés à un taux suffisant pour répondre aux augmentations des programmes imposés par la province et administrés par la municipalité.

(AMO)

Universités

- Selon une récente évaluation, le Fonds d'encouragement à la recherche dans les universités a été une véritable réussite. Nous demanderions avec instance que ce programme soit non seulement maintenu, mais enrichi. De même, les Centres d'excellence ont permis d'importants progrès. Nous avons besoin d'encourager un plus grand nombre de ces initiatives novatrices.

(CUO)

- Nous priions instamment le Comité de recommander des programmes visant à faciliter la réduction des obstacles à la mobilité dans le système d'éducation pour permettre aux personnes de cette province d'entrer ou de rentrer dans le système à des points différents, en fonction de leurs besoins et avec le maximum d'efficacité.

(CUO)

- Nous priions instamment le Comité de faire la promotion d'encouragements à un enseignement de qualité supérieure dans des domaines cruciaux comme les sciences, le génie et la technologie de pointe et de réduire les niveaux étouffants de réglementation appliqués aux universités. Cela fournirait, par exemple, aux universités une plus grande aptitude à trouver des sources de revenu de remplacement.

(CUO)

BÉNÉFICIAIRES DE TRANSFERTS

Municipalités

- Nous recommandons que la province fournisse un financement de contrepartie supplémentaire pour les projets d'infrastructure et accélère toutes initiatives à l'appui de la mise en valeur de l'infrastructure.
- (AMO)
- Nous recommandons que le gouvernement provincial s'engage à poursuivre le démantèlement des rôles ou un procédé analogue jusqu'à ce que la province et l'AMO reconnaissent toutes deux que toutes les questions pertinentes ont été traitées de façon satisfaisante.
- (AMO)
- Nous recommandons que la province accélère la mise en oeuvre de mesures actuellement à l'étude qui améliorerait le système de production de recettes municipales.
- (AMO)
- Nous recommandons que la province ne donne pas suite à la délivrance de nouveaux énoncés de politiques gouvernementales qui ne feront que confondre, compliquer et éventuellement rallonger le processus de planification et ralentir la reprise économique.
- (AMO)
- Nous recommandons que, dans la mesure où des modifications au financement des programmes concernent l'administration municipale, les municipalités soient consultées et que l'on parvienne à un accord.
- (AMO)
- Nous recommandons que la province ni ne réduise ni ne plafonne le financement de programmes si une telle réduction ou un tel plafonnement transfère une partie ou la totalité des coûts visés aux municipalités.
- (AMO)

Financement des programmes

INTRODUCTION

Ce sommaire a été composé pour aider les membres du Comité permanent des affaires économiques et financières dans leur délibérations sur les recommandations prébudgétaires de 1993. Il résume brièvement les recommandations que renferment les exposés oraux et écrits faits au Comité durant les mois de janvier et de février et la plupart de ceux qui ont été faits ou reçus les 8 et 9 mars 1993. Les membres qui désirent des renseignements plus détaillés sur un exposé particulier sont renvoyés au document original.

On trouvera à la fin du document une liste des personnes ou d'organismes auteurs des exposés dont les recommandations sont citées.

Résumé des recommandations :
Consultations prébudgétaires 1993

ANNEXE C

Nombre de cas du bien-être social en Ontario
Moyenne annuelle de 1983 à 1992

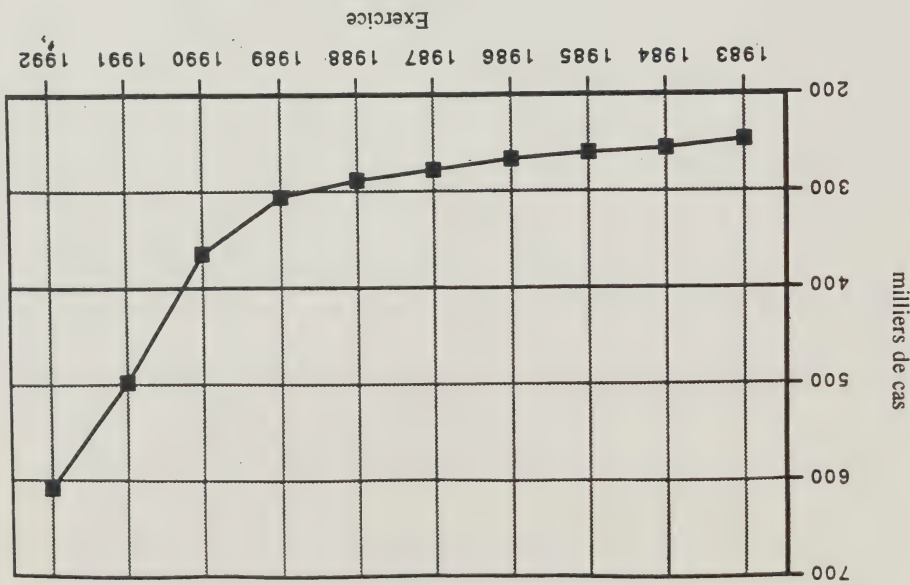


FIG. 10

Evolution du plan financier 1993-1994

en milliards de dollars

Budget de 1992 Nov. 1992 Févr. 1993

53.0	53.0	53.0
48.0	43.8	42.2
-5.0	-9.2	-10.8
3.1	3.1	3.1
-8.1	-12.3	-13.9

Dépenses de fonctionnement

Recettes

Dépenses d'immobilisations

Déficit de fonctionnement

Déficit consolidé

FIG. 9

Evolution du plan financier 1993

en milliards de dollars

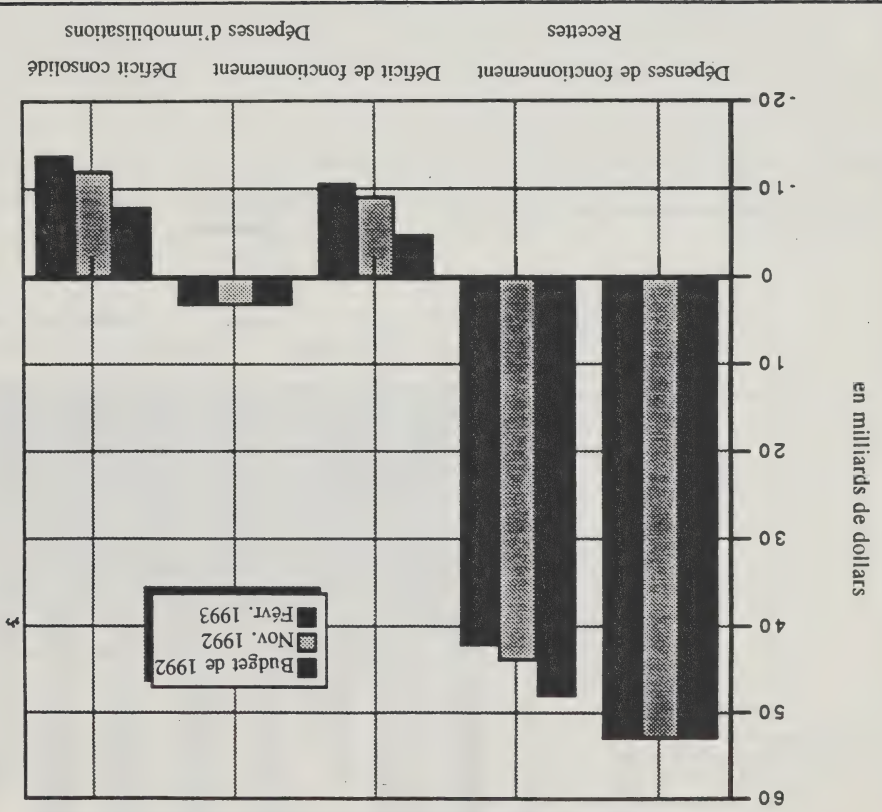
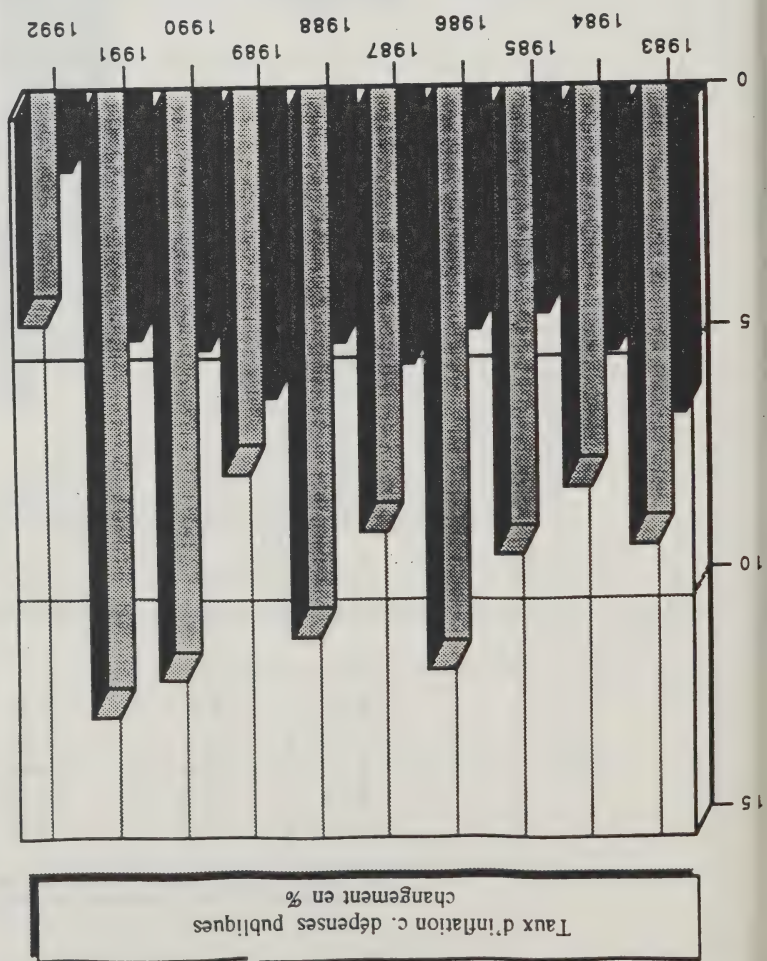


FIG. 8



Taux de l'IPC
Augmentation des dépenses

Taux d'inflation c. dépenses publiques
changement en %

Dépenses de l'Ontario
en milliards de dollars

en milliards de dollars

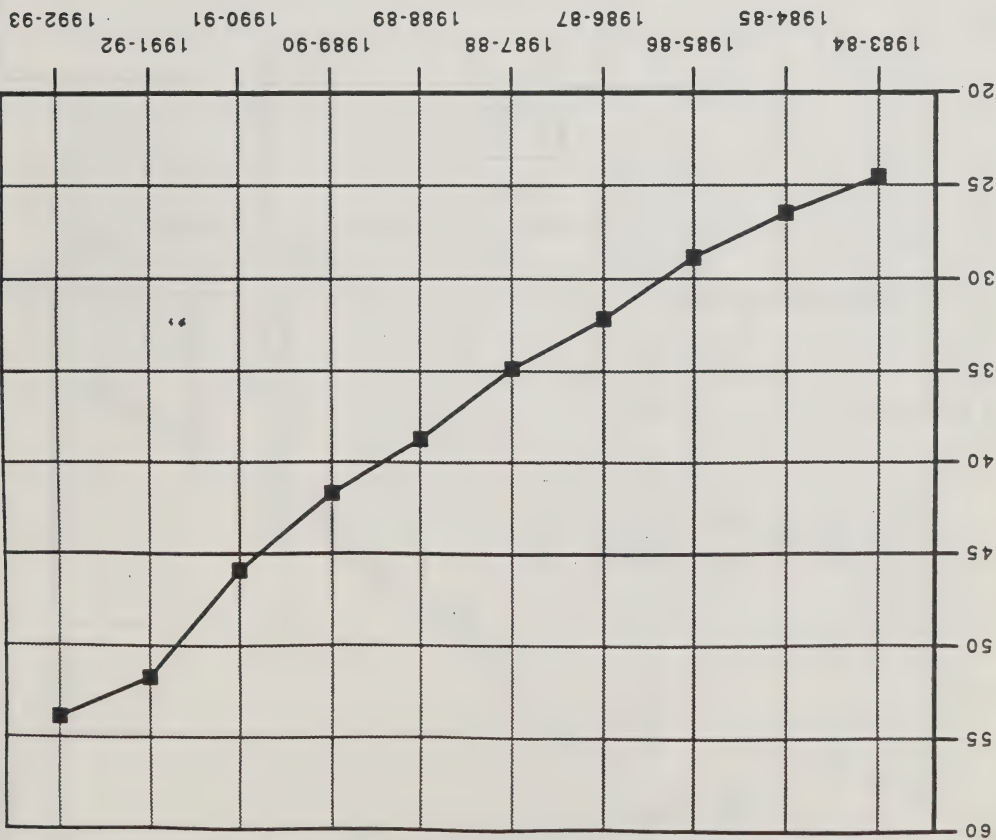
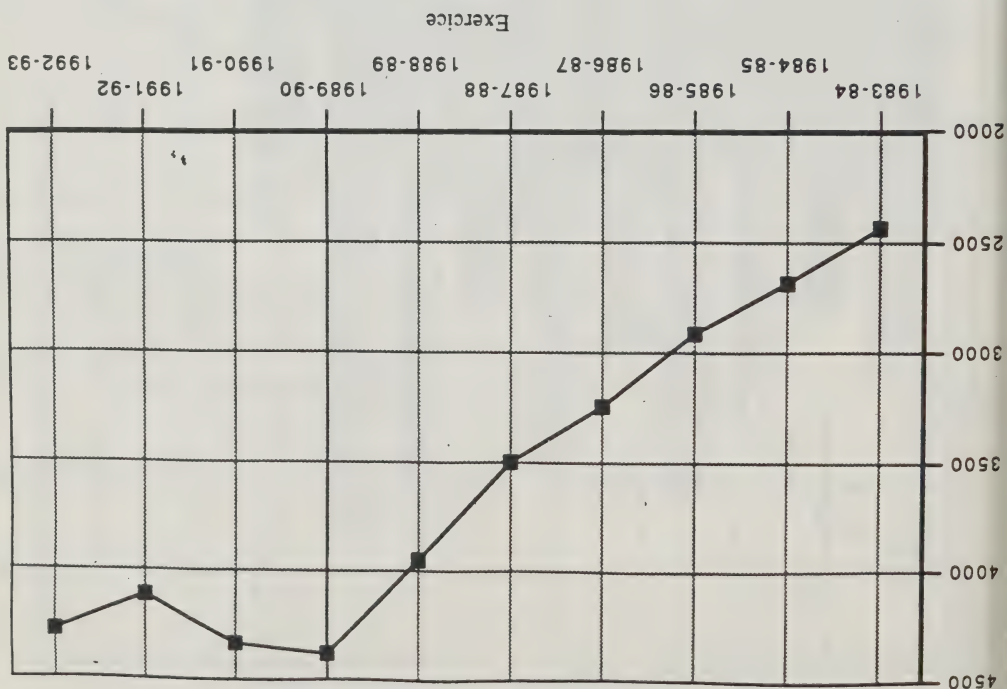


FIG. 7

FIG. 6



\$ de recettes par tête
de 1983-1984 à 1992-1993

Perspectives économiques de l'Ontario 1993 - Statistique des prévisions FIG. 5
(Indicateurs choisis - changement en % par rapport à l'exercice précédent, sans indication contraire)

Prévisionniste	PIB réel	Emploi	Taux de chômage %	Taux d'inflation IPC %	Ventes au détail	Mises en chantier Logements
BCIC	3,1	1,4	10,6	2,5	4,8	71 500
DRI McGraw-Hill	3,6	1,2	11,8	1,8	4,2	72 819
Conference Board	3,0	1,4	10,7	2,8	3,2	68 900
Banque Toronto-Dominion	3,2	1,0	11,0	2,5		65 500
Banque Royale	3,4	1,6	10,6	2,1	3,9	70 000
Banque de Nouvelle-Écosse	2,2	0,8	10,7	1,8		63 000
Nomura	3,6		10,5	2,5		68 000
Trésor	3,8	2,1	10,6	2,0	4,8	71 000
Provisoire 1992	1,5	-1,1	10,8	2,0	1,4	58 000

Source : Prévisions soumises au Comité permanent des affaires économiques et financières - Janvier 1993.

Total des impôts de la famille ontarienne moyenne
Fraser Institute

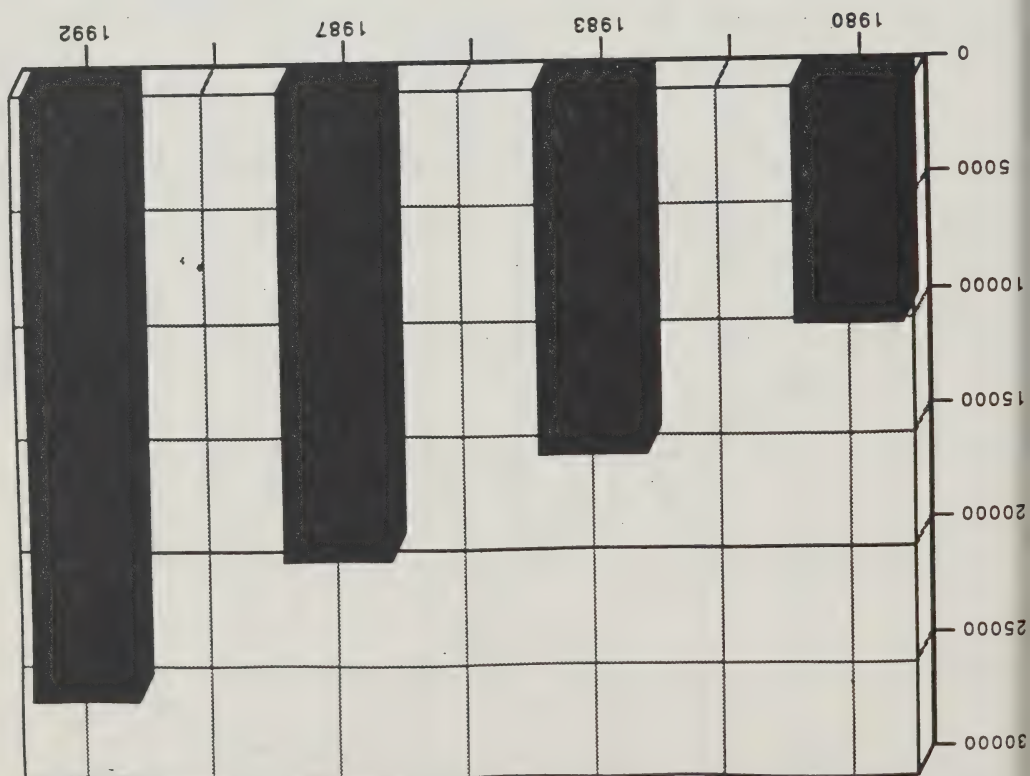


FIG. 4

Impôts de l'Ontario par tête
de 1983-1984 à 1992-1993

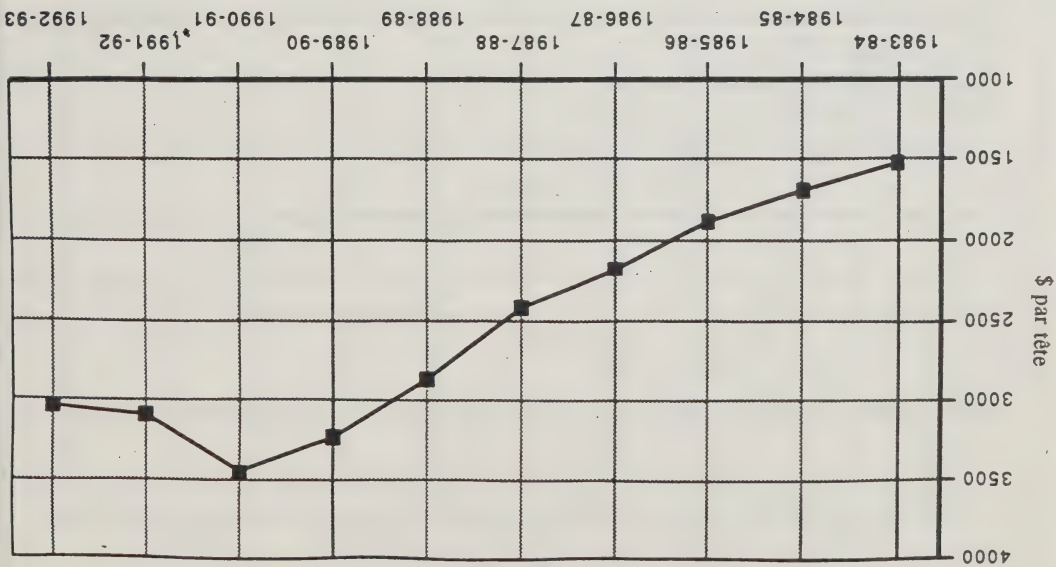


FIG. 3

Déficit/surplus de l'Ontario
par tête de 1982-1983 à 1992-1993

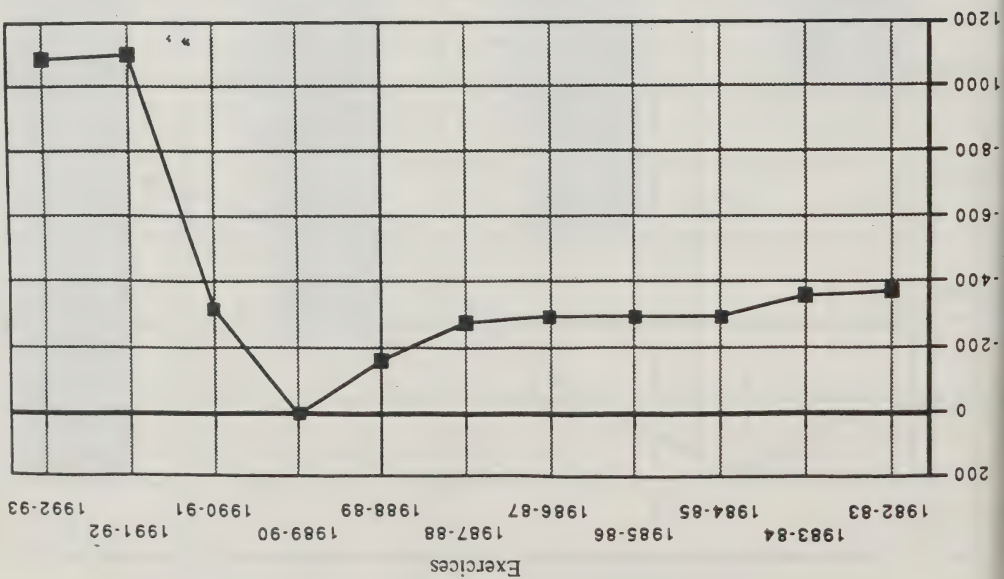
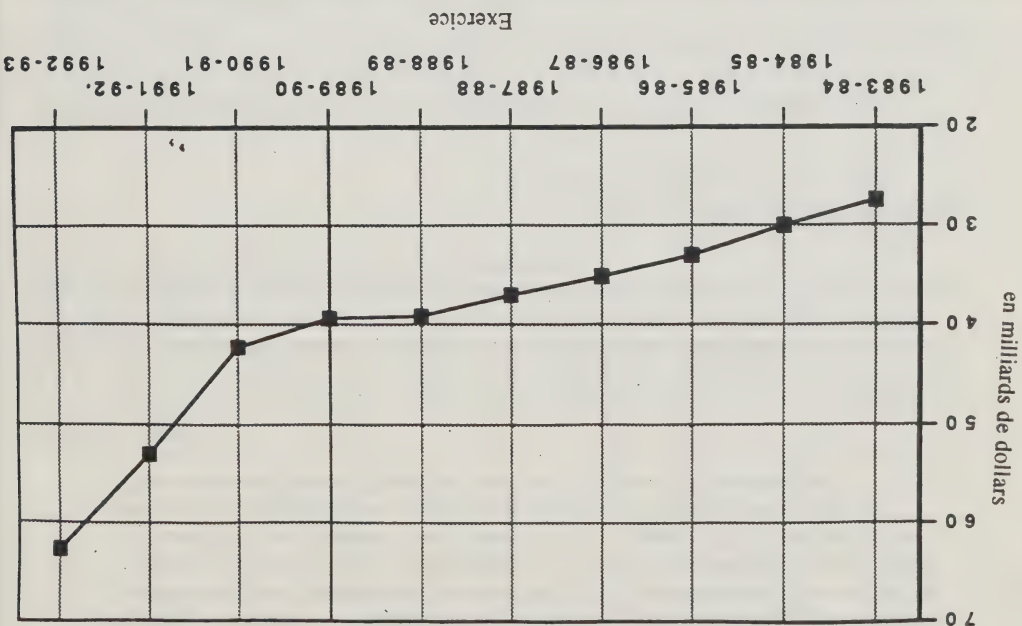


FIG. 2



Nous recommandons donc ce qui suit :

15. Le ministère des Finances devrait charger une partie indépendante de préparer une analyse des coûts et avantages de la conversion à la comptabilité d'exercice, de donner un avis sur la question de savoir si une conversion de ce genre aurait pour résultat une description plus complète, plus compréhensible, plus accessible et plus réaliste de l'actif et du passif de la province, de donner une estimation du coût nominal que représente une conversion de ce genre. Cette analyse devrait être déposée à l'Assemblée législative et renvoyée au Comité permanent des affaires économiques et financières aux fins d'étude et de consultation.

CONCLUSION

Le gouvernement n'a guère d'autre choix que de ramener ses engagements de dépenses à la hauteur des recettes disponibles. Une réforme financière n'est jamais facile, particulièrement dans un milieu économique faible. Il n'y a tout simplement pas d'autre solution. L'emprunt permet un répit temporaire, mais seulement au prix d'un redressement beaucoup plus douloureux au cours de cette décennie.

*Aron Campel, Banque de Nouvelle-Ecosse
Consultation prébudgétaire de 1993*

Nous ne pouvons plus nous payer le luxe des demi-mesures. Si le gouvernement n'est pas prêt à prendre aujourd'hui des mesures radicales en matière de dépenses, il condamne l'Ontario à un avenir où les emplois seront moins nombreux, les investissements plus rares, où il y aura plus de dettes et des impôts plus lourds. Ce n'est pas l'avenir que nous souhaitons pour les Ontariens et nous prions instamment le gouvernement de trouver la volonté politique de mettre en oeuvre certaines des recommandations que nous avons faites.

budgetaire au-dessous des 10 milliards de dollars en avril dernier, le camouflages dans la vente d'éléments d'actifs de l'Etat qui n'est rien d'autre qu'un transfert de documents du gouvernement à lui-même, ainsi que les flux financiers anticipés et autres maquillages qui sont devenus une caractéristique normale de la gestion financière en Ontario.

Nous croyons que la population mérite de connaître les faits et non des maquillages, que, a besoin qu'on lui donne des chiffres clairs et compréhensibles. Ce besoin est d'autant plus pressant qu'on lui demandera des sacrifices pour restaurer l'équilibre de la situation financière de la province.

La création de nouveaux mécanismes de financement pour les dépenses d'immobilisation et la création de trois nouvelles sociétés de financement accentuent le besoin de faire en sorte que les finances provinciales ne soient pas menées comme un jeu de gobelets pour escamoter le déficit.

Personne ne prétend qu'il sera facile ou peu coûteux de passer à une nouvelle méthode comptable mais, comme l'a dit un témoin, «[...] si vous pensez que l'information est chère, vérifiez le prix de l'ignorance».

La comptabilité d'exercice a été recommandée au Comité comme solution de remplacement supérieure à la comptabilité de caisse actuellement utilisée. La conversion à la comptabilité d'exercice serait une entreprise de grande envergure, mais c'est une option qui mérite d'être examinée de près.

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11. Le gouvernement devrait abroger le projet de loi 40 et en déposer un autre qui démocratiserait le mouvement syndical en Ontario, notamment en insérant des dispositions visant à répandre l'usage du scrutin secret.

12. Le gouvernement devrait prendre immédiatement des mesures pour redresser les problèmes du système d'indemnisation des accidents du travail en Ontario, notamment une enquête sur la faisabilité de la privatisation de l'assurance sur les accidents et les lésions sur les lieux de travail. En attendant, pour contrôler la dette non provisionnée de la CAT et les coûts pour les entreprises, le gouvernement devrait :

- Imposer un moratoire sur tous les nouveaux droits jusqu'à la mise en place d'un plan traitant de la dette non provisionnée;
- Suivre la voie tracée par le Nouveau-Brunswick et le Manitoba, et réduire les niveaux de prestations et simplifier les procédés administratifs;
- Adopter une démarche de rentabilité à l'égard de la réadaptation et instituer des vérifications des activités de la Commission des accidents du travail sous l'angle de la rentabilité.

13. Le secteur de la petite entreprise devrait être exonéré de l'impôt-santé des employeurs. Cet impôt devrait être supprimé progressivement au cours d'une période de deux ans pour les sociétés dont les frais annuels de personnel sont inférieurs à 400 000 \$.

14. Le gouvernement de l'Ontario appuie les initiatives fédérales visant à améliorer le niveau et le degré de coordination et de coopération financière et budgétaire entre les provinces et Ottawa, notamment la création d'initiatives visant à réduire la dette publique totale, à adopter un système normalisé de déclaration des comptes publics et un échéancier fixe pour la publication des budgets fédéraux et provinciaux.

UN JEU CLAIR DE LIVRES COMPTABLES

La transparence des livres du gouvernement a encore cette année été à l'ordre du jour du Comité.

La comptabilité de caisse utilisée par le gouvernement a fait l'objet de vives critiques qui sont peut-être compréhensibles étant donné le jeu du «déficit du jour» auquel se livre le trésorier, les tours de passe-passe avec la caisse de retraite utilisés pour maintenir le déficit du plan

La CAT a doublé ses cotisations au cours de la dernière décennie, et sa dette non provisionnée de 11 milliards de dollars est pratiquement une garantie d'augmentations de taux à venir. Le gouvernement devrait agir rapidement pour faire en sorte que les craintes concernant la CAT ne minent pas ses propres initiatives pour attirer de nouveaux emplois et investissements dans la province.

Le secteur de la petite entreprise continue d'être un important créateur d'emplois dans notre économie et devrait être le centre d'intérêt de quelques initiatives fiscales favorables dans le prochain exercice. Nous proposons qu'au lieu d'investir dans des programmes complexes de rachat et de propriété par les travailleurs et dans des fonds d'investissement parrainés par des syndicats, le gouvernement réoriente ces ressources dans le secteur de la petite entreprise en exonérant les petites entreprises de l'ISF, qui est un impôt sur la paie et pénalise les emplois.

Nous croyons également que le budget de 1993 de l'Ontario doit être en harmonie avec les politiques budgétaires d'autres gouvernements provinciaux canadiens et avec le gouvernement fédéral du Canada. Nous ne pouvons nous permettre d'envoyer aux prêteurs, aux investisseurs et aux consommateurs un signal mitigé. Un haut degré de coordination est

nécessaire à l'efficacité des politiques visant à réduire les coûts du secteur public, à diminuer les déficits et à maîtriser les impôts.

Pour créer un climat plus favorable à la création d'emplois en Ontario, nous recommandons ce qui suit :

10.

Toute nouvelle proposition d'impôt ou de taxe, de politique ou de règlement touchant les entreprises doit faire l'objet d'une évaluation de son effet sur la compétitivité des sociétés ontariennes et sur les coûts d'exploitation dans la province, et de son impact sur l'emploi. Le mécanisme d'évaluation et son processus devraient être élaborés en accord avec les secteurs concernés et les résultats devraient être accessibles au public.

coûts qui en résulteraient, le cas échéant, sur la qualité des services fournis par le secteur public dans la province. La commission créerait un certain nombre de groupes de travail, qui se pencheraient sur des catégories déterminées de dépenses pendant une période fixée. Elle serait également chargée d'élaborer une nouvelle méthode d'évaluation de la valeur dans le gouvernement qui jugerait les programmes en fonction de leur efficacité et non de leur attrait politique.

CRÉER UN ENVIRONNEMENT FAVORABLE À LA CROISSANCE

Cette année encore, le Comité a entendu un certain nombre de groupes de gens d'affaires exprimer la crainte que le gouvernement ne soit pas suffisamment sensible à l'effet de ses politiques et règlements sur la compétitivité d'entreprises ontariennes.

Nous pensons que le gouvernement devrait être très inquiet, par exemple, de la réaction des milieux d'investisseurs au projet de loi 40.

Le mémoire du Council of Ontario Construction Associations a peut-être le mieux résumé la situation entourant le projet de loi 40 par ces mots : «Que l'on soit favorable ou défavorable aux syndicats, le projet de loi 40, nous disent les investisseurs, les dissuade de venir en Ontario. Comme je le dis, peu importe ce que vous en pensez, c'est un fait, un fait irréfutable que les investisseurs nous disent : ils n'aiment pas le projet de loi 40.»

Pour notre part, nous continuons d'être inquiets de l'effet négatif des coûts imposés par le gouvernement et le secteur public sur l'aptitude des entreprises ontariennes à créer de nouveaux emplois. Le Comité a eu connaissance d'un cas où un investisseur américain a décidé de ne pas mettre d'argent en Ontario, en partie à cause du projet de loi 40, mais en grande partie à cause de la dette non provisionnée de la Commission des accidents du travail.

- Il adopte une loi semblable à celle du Québec pour renforcer l'autorité des agents de révision du bien-être social afin qu'ils mènent des enquêtes sur la fraude au bien-être social. Les fonctionnaires du Québec ont un taux de réussite de 75 pour 100 dans le recouvrement des dollars de la fraude au bien-être social dans les 5 000 cas qu'ils examinent annuellement.
- Il examine l'effet financier de la décision d'éliminer les visites à domicile, pour déterminer l'admissibilité.
- Il examine le plan consistant à étendre les prestations de bien-être social aux étudiants de 16 et de 17 ans qui déclarent simplement qu'ils n'aiment plus vivre chez leurs parents.
- Au lieu du dépôt direct, il met en oeuvre le ramassage obligatoire des chèques et un programme de révision comme celui qui est appliqué au Nouveau-Brunswick. Le programme pourrait viser des groupes précis de bénéficiaires qui seraient obligés de se présenter en personne pour faire mettre à jour leur dossier.
- Il envisage d'instaurer un programme d'emploi d'été pour étudiants afin d'augmenter les effectifs disponibles pour mener des révisions de l'admissibilité et contribuer à réduire la fraude saisonnière au bien-être social.
- Il vérifie que l'on a dûment et entièrement établi les coûts de toute modification proposée aux conditions d'admissibilité à l'aide sociale avant de la mettre en oeuvre.

8.

Il impose un moratoire au programme de logements sans but lucratif et termine seulement les projets en cours. Au lieu de subventionner les briques et le mortier, le gouvernement devrait restituer ses politiques en matière de logement pour aider les personnes et les familles à satisfaire leurs besoins de logement au moyen de paiements directs d'allocation pour le logement. La Fair Rental Housing Organization a estimé qu'un système d'allocation-logement procurerait un logement à 250 000 ménages à faible revenu à un coût de quelque 400 millions de dollars annuellement. À titre de comparaison, les subsides versés pour les 100 000 logements sans but lucratif que les contribuables supporteront d'ici 1995 coûteront 1,2 milliard de dollars annuellement.

9.

Le gouvernement devrait constituer un volet dépenses qui soit le pendant de la Commission de l'équité fiscale et, sur la recommandation faite au Comité par M. T. Whitehead, de la Banque Canadienne Impériale de Commerce, constituer une commission des dépenses efficaces. La commission serait formée d'un groupe de citoyens n'appartenant pas au gouvernement et pourrait être organisée et dotée en personnel comme la Commission de l'équité fiscale. Elle aurait pour mandat d'examiner les façons dont les deniers publics sont dépensés en Ontario et de recommander des moyens d'économiser de l'argent ainsi que d'examiner les

ce que dépense le secteur public et ce que le secteur privé peut se permettre. C'est

maintenant le tour de l'Ontario.

Nous recommandons donc ce qui suit :

4. Pendant l'exercice 1993-1994, la province maintiendra ses dépenses relatives au compte de fonctionnement au niveau de 1992-1993 afin d'inaugurer un programme multianuel de gel des dépenses en vue d'équilibrer le compte de fonctionnement en trois ans. Dans le cadre de cette stratégie, la province devrait adopter une loi d'équilibre du budget exigeant que le gouvernement équilibre le budget au moins une fois durant son mandat.

5. Le gouvernement de l'Ontario élabore un plan visant à réduire le nombre des effets de la fonction publique à son niveau de 1985 et collabore avec ses partenaires MUSH pour réduire le nombre d'effectifs et le coût du secteur public en général.

6. Tandis que sont en cours des réductions à long terme de la taille de la fonction publique ontarienne, le gouvernement, de concert avec les syndicats et les associations de ses employés, met en oeuvre un programme analogue à celui que propose le gouvernement du Manitoba aux termes duquel les fonctionnaires recevraient des jours de repos supplémentaires non payés durant l'année (par exemple, les vendredis durant l'été). Les services essentiels seraient exceptés. Le gouvernement manitobain a calculé que ce programme réduira sa note de salaires d'environ 4 pour 100. Un programme analogue en Ontario ferait économiser environ 160 millions de dollars au cours du prochain exercice.

7. Le gouvernement prend immédiatement des mesures pour relier le budget du bien-être social à des initiatives de formation professionnelle et de création d'emplois et pour améliorer la gestion et la reddition de compte du système d'aide sociale en vue de réduire les pertes causées par la fraude et la mauvaise administration et :

- Il applique la recommandation du rapport du Comité d'examen de l'aide sociale de relier aide sociale et emploi en utilisant des fonds de l'aide sociale pour financer des subventions aux salaires versées aux employeurs qui embauchent des bénéficiaires de l'aide sociale.
- Il prend immédiatement des mesures pour déterminer pourquoi le taux de recouvrement sur tous les versements d'aide sociale qui doivent être remboursés à l'État est seulement de 3 pour 100 comparativement au taux de recouvrement de 10 pour 100 signalé pour les recouvrements effectués par le gouvernement dans son ensemble.

- Il met en oeuvre, avec le gouvernement fédéral, un programme de remplacement du double revenu visant à recouvrer des paiements provisoires de bien-être social auprès des personnes qui attendent de

Le gouvernement de l'Ontario a calculé que les modifications apportées par le gouvernement fédéral au Financement des programmes établis (FPE), au Régime d'assistance publique du Canada (RAPC) et aux programmes de péréquation ont coûté 41 milliards de dollars aux provinces ces 10 dernières années. On estime à 15,5 milliards le coût pour l'Ontario pendant cette période.

Les contribuables ontariens produisent toutefois 43 pour 100 des recettes du gouvernement fédéral et, à supposer qu'il n'y ait pas d'augmentation du déficit fédéral, nous devrions payer 43 pour 100 du coût de rattrapage de ce manque de 41 milliards de dollars de paiements de transfert.

Les contribuables ontariens auraient donc dû payer 17,6 milliards de dollars d'impôts ou frais fédéraux supplémentaires pour financer les conditions initiales des ententes de paiements de transfert qui auraient transféré 15,5 milliards de plus à la province. Ils auraient dû payer 1,13 \$ de nouveaux frais pour chaque dollar de transfert supplémentaires, ce qui n'est pas vraiment une bonne affaire pour les contribuables ontariens!

Dans ses attaques contre les politiques fédérales, la province ne devrait pas perdre de vue qu'il n'y a qu'un seul et même contribuable et qu'en exigeant d'un autre palier de gouvernement qu'il dépense davantage, il demande simplement que ce gouvernement taxe davantage ou emprunte davantage.

Le budget de 1993 doit être basé sur la reconnaissance du fait que la maîtrise des dépenses est la clé à la fois de la stabilité financière et d'une politique financière favorisant la croissance et l'emploi. D'autres provinces ont pris des mesures rigoureuses pour restaurer l'équilibre entre

étant donné les prévisions du ralentissement de la croissance de l'emploi, on ne peut guère s'attendre à retrouver rapidement le nombre de cas que l'on connaissait avant la récession.

Le gouvernement doit également agir pour répondre aux craintes touchant son programme extrêmement coûteux et mal géré de logement sans but lucratif. Les coûts annuels de subsides sont passés de 33 millions de dollars en 1987 à 605 millions de dollars cette année, et l'on prévoit qu'ils atteindront 1,2 milliard de dollars d'ici 1995, soit une augmentation de 36 fois en huit ans seulement.

Comme la Chambre de commerce l'a indiqué dans son mémoire, «une augmentation écrasante de ce genre au cours d'une si brève période revient à ouvrir une nouvelle enveloppe de dépenses sociales en Ontario, à un moment où les engagements sociaux existants, en matière de santé, d'aide sociale et d'éducation, placent déjà des pressions intolérables sur la base de recettes existantes».

Cet engagement à maîtriser les dépenses doit s'étendre bien au-delà des propres programmes du gouvernement et englobe sa relation avec le gouvernement fédéral, en particulier sa position à l'égard des politiques fédérales de paiements de transfert que le trésorier estime responsable d'une partie de ses problèmes de déficit.

Bien que nous soyons également partisans que l'Ontario reçoive sa juste part, exiger que le gouvernement fédéral dépense davantage pour financer les conditions initiales de ses ententes de paiement de transfert revient à exiger que les Ontariens paient des impôts plus élevés ou financent une charge de dette plus lourde.

Nous notons que cette réduction de taille représenterait environ 20 pour 100 de la taille de la fonction publique ontarienne, équivalente, en gros, à l'ampleur de la réduction du personnel récemment annoncée par Ontario Hydro.

Le premier ministre a déclaré que le plan d'Ontario Hydro était « un acte courageux ». Nous espérons qu'il agira de même dans son attitude à l'égard de sa propre bureaucratie et qu'il est disposé à travailler de concert avec ses partenaires MUSH pour maîtriser le nombre des effectifs et les coûts du secteur public en général.

Le budget devrait également renforcer des mesures pour améliorer la reddition de comptes et abaisser les coûts de certains grands programmes du gouvernement, en particulier l'aide sociale et les programmes de logement sans but lucratif.

Le programme d'aide sociale coûte actuellement à la province 6,2 milliards de dollars. Pendant les récentes audiences du Comité des comptes publics sur les constatations de la vérification de 1992, le vérificateur provincial a déclaré qu'il pouvait y avoir une mauvaise affectation de l'aide sociale, à concurrence de 10 pour 100 du budget total, par fraude, par erreur ou par mauvaise gestion administrative. Autrement dit, cette mauvaise gestion pourrait porter sur une somme qui pourrait atteindre 620 millions de dollars, ce qui est un coût intolérable dans une période de ressources strictement réduites.

Pour que la population continue de soutenir le programme, il est essentiel que les versements de l'aide sociale soient bien gérés. C'est l'aspect le plus important de tous, car le nombre de cas du bien-être social restera probablement élevé. Le nombre de cas du bien-être social n'a jamais diminué au cours de la reprise et de l'expansion des années 80 (voir figure 10) et,

Quant à la question de l'impôt minimum sur les sociétés, au moment où le rapport a été déposé, le document technique sur la question n'avait pas été présenté, mais nous croyons que le gouvernement reste décidé à instituer un impôt de ce genre.

À notre avis, la dernière chose dont nous avons besoin aujourd'hui en Ontario est de voir de nouveaux impôts qui décourageront l'investissement et diminueront la rentabilité, qui sont les deux éléments clés de la création d'emplois.

Nous recommandons donc ce qui suit :

1. Le budget de 1993 ne devrait pas augmenter les impôts ou les droits ni instaurer de nouveaux impôts ou droits.
2. L'impôt sur les concentrations commerciales (ICC) imposé dans la région du grand Toronto devrait être abrogé.
3. Pour éviter la fuite des capitaux hors de l'Ontario, pour maintenir un climat d'investissement favorable et pour encourager le retour à la rentabilité, le gouvernement insère dans le budget de 1993 une déclaration claire et bien définie que, durant son mandat, il ne lèvera ni impôt sur la richesse ni droits de succession, ni impôt minimum sur les sociétés.

LA MAÎTRISE DES DÉPENSES

Le budget de 1993 doit comporter un plan détaillé de réduction du montant des dépenses publiques. C'est là la clé qui permettra de réduire le déficit et de maintenir un climat fiscal compétitif dans la province.

Nous sommes encouragés d'entendre dire que le gouvernement envisage un plan lui permettant de réduire la taille de la fonction publique de quelque 18 000 postes au cours d'une période de cinq ou six ans.

POLITIQUE FISCALE

Plus de 50 augmentations d'impôt ou nouveaux impôts depuis 1985 ont laissé les particuliers et les entreprises de l'Ontario dans un état fatal d'épuisement fiscal. Le gouvernement devait recourir à des réductions de dépenses pour maîtriser le déficit et se servir d'allègements fiscaux pour stimuler les secteurs de notre économie qui freinent la reprise.

En particulier, le budget devrait comporter des réductions d'impôt pour relancer la demande des habitants de notre province et ranimer la confiance des consommateurs, et enfin réduire le fardeau fiscal dans la région lourdement imposée du grand Toronto, une région assujétie à des levées d'impôt spéciales qui ne sont pas exigées ailleurs dans la province, une région durement frappée par la récession.

Le budget devrait également éclaircir la position du gouvernement sur deux questions fiscales à l'étude qui préoccupent vivement les milieux nationaux et internationaux des affaires et des placements, les questions de l'impôt sur la richesse et les droits de succession et l'impôt minimum sur les sociétés.

Les membres de la Commission de l'équité fiscale qui ont traité de l'impôt sur la richesse n'ont pas pu parvenir à un consensus sur la nécessité de nouveaux impôts sur la richesse ou d'adopter des droits de succession, mais le rapport renfermait des preuves considérables à l'appui de la conclusion que les coûts de ces deux genres d'impôt surpasseraient de loin leurs avantages.

En outre, nous craignons qu'une augmentation du déficit, loin de stimuler l'économie et la création d'emplois, puisse avoir l'effet inverse.

Comme M. Whitehead, de la BCIC, l'a fait remarquer au Comité, le déficit est devenu «un baromètre de la récession et le fait que nous ayons eu deux déficits supérieurs à 10 milliards de dollars, à mon avis, a, plus que tout le reste, amené les consommateurs à penser que l'économie s'en allait totalement à la dérive. Augmenter encore ce déficit [...] risque en fait d'exacerber la situation et d'amener la population à faire encore davantage preuve de pessimisme.»

D'après les faits présentés au Comité, il est évident que l'Ontario ne peut pas obtenir par des impôts son retour à la prospérité.

L'Ontario ne peut pas obtenir par des emprunts son retour à la prospérité.

L'Ontario ne peut pas dépenser sans compter.

Si le budget de 1993 doit contribuer à soutenir la reprise et à promouvoir la création d'emplois, le gouvernement doit suivre une orientation radicalement nouvelle dans ses politiques financières.

Le gouvernement peut remettre de l'ordre dans ses finances, il peut créer un environnement plus propice à la croissance et à la création d'emplois et il peut placer l'intérêt du contribuable au-dessus de ses intérêts particuliers. Il devrait viser à faire tout cela dans son budget de 1993.

CRÉATION D'EMPLOIS

«Les seuls emplois durables que vous aurez à long terme proviennent du secteur privé. En premier lieu, vous devez compter sur un environnement d'entreprise convenable pour créer les emplois [...] un cadre fiscal stable et fiable qui ne va pas continuer de percer le plafond [...]»

*T.B.G. Whitehead, BCIC
Consultations prébudgétaires de 1993*

Le gouvernement a fait de la création d'emploi l'objectif central de son budget de 1992. Toutefois, malgré cet engagement, il y a eu en moyenne 572 000 chômeurs en Ontario chaque mois de l'an dernier comparativement à 331 000 en 1990, l'année où le gouvernement actuel est entré en fonction.

En dépit de dépenses massives et de déficits énormes, l'emploi en Ontario reste bien inférieur aux niveaux antérieurs à la récession, et l'on s'attend à ce que la reprise de l'emploi soit lente.

La récession et le chômage se sont avérés à l'épreuve des dépenses publiques. Peu importe les montants dépensés par le gouvernement, chômage et récession sont restés là.

Des emplois sûrs et bien rémunérés sont une réponse à ce qui se passe sur le marché et non pas à ce qui se passe à la table du Conseil des ministres à Queen's Park.

Il nous semble que maintenant, plus que jamais, le rôle du gouvernement ne soit pas d'être le chef de file de la création d'emplois, mais de rester à l'écart, de ne pas être sur le dos des gens, consommateurs, investisseurs et chefs d'entreprise qui créent de vrais emplois durables.

payer le 1,2 milliard de dollars de subsides annuels que le contribuable versera au logement sans but lucratif d'ici à 1995;

- Que les frais du programme d'équité salariale dans la fonction publique provinciale, qui s'élèveront à 1 milliard de dollars par an d'ici à 1998, seraient l'équivalent d'une hausse de 1,2 pour 100 de la taxe de vente provinciale qui s'établirait alors à 9,2 pour 100.

De même, tandis que le gouvernement continue de modifier ses prévisions de recettes et de déficit pour l'exercice 1993-1994, sa projection de dépenses reste fixée à 56 milliards de dollars. (Voir figure 9.)

Le trésorier a dit au Comité que le gouvernement était sur la voie d'atteindre ce chiffre, mais qu'il pensait qu'il serait très difficile de réduire les dépenses bien au-dessous de ce niveau.

Étant donné que cela laisserait au gouvernement un déficit pour l'exercice prochain, au niveau «inchangé» de 13,9 milliards de dollars que le trésorier a déclaré inacceptable, la conclusion raisonnable est que le gouvernement aura recours à de nouveaux impôts pour réduire ses besoins financiers.

Comme indiqué antérieurement, notre conseil au gouvernement est qu'il n'ait pas recours à de nouveaux impôts ni à des hausses d'impôt pour réduire son déficit. Le budget de 1993 doit commencer à s'attaquer au problème des dépenses dans notre province. Plus d'impôts donnerait simplement au gouvernement plus d'argent à dépenser et ne ferait que retarder le jour du règlement de compte.

Actuellement, pour chaque dollar d'impôt perçu, le gouvernement de l'Ontario dépense 1,22 \$, soit l'écart le plus élevé de toute province. Ce ratio confirme l'observation de la Banque Royale au Canada, à savoir que «la croissance des dépenses publiques en Ontario à la fin des années 80 a été de plus en plus génèreuse sans que l'on se préoccupe de la richesse que nous produisons pour soutenir ce genre de croissance des dépenses publiques. Nous avons en fait basé notre augmentation des dépenses sur l'illusion de richesse des années 80.» Il serait destructeur, et finalement désastreux, de poursuivre une politique fondée sur un tel mirage.

Mais toutes les preuves appuient la conclusion que le gouvernement, malgré l'éloge stérile qu'il fait des restrictions, continuera d'augmenter ses dépenses à un taux bien supérieur à celui de l'inflation et d'ajouter à la base de dépenses des programmes coûteux que l'économie ne peut plus soutenir. L'exposé du Toronto Board of Trade mettait en lumière un certain nombre de ces programmes.

Le Toronto Board of Trade a examiné le coût des programmes pour voir le genre de hausses d'impôt nécessaires pour les financer sans alourdir le déficit.

Il a montré :

- Qu'il faudrait exiger 226 \$ annuellement du contribuable ontarien, soit faire passer le taux de la taxe de vente provinciale de 8 à 9,4 pour 100, soit faire passer le taux de l'impôt ontarien sur le revenu de 55 à 59,5 pour 100 de l'impôt fédéral de base pour

économique et des améliorations des bénéfices des entreprises et du revenu des particuliers. Grâce à ces facteurs, «l'impôt appliqué au même taux produira plus de recettes pour vous».

La multiplication ou la hausse des impôts ne sont tout simplement pas la réponse à nos malheurs du déficit et de la dette. Le trésorier ferait bien de réfléchir avec soin sur la

conclusion de la Banque de Nouvelle-Ecosse, à savoir :

Qu'un progrès significatif en matière de réduction du déficit de l'Ontario exige un gel de toutes les dépenses de programme durant de nombreuses années. Les tentatives visant à financer de nouveaux programmes et à compenser un afflux insuffisant de recettes par des hausses d'impôt sont autodestructrices, en particulier dans un environnement international comportant de plus en plus de défis.

LES DÉPENSES : VOILÀ LE PROBLÈME

Une partie de l'argumentation du gouvernement pour justifier la multiplication ou

l'augmentation des impôts repose sur sa prétention qu'il a un problème de recettes.

Ce n'est tout simplement pas le cas. Comme on peut le voir à la figure 6, les recettes par tête atteignent presque des sommets historiques.

Le problème ne réside pas dans les recettes publiques, mais dans les dépenses publiques qui s'élèvent à un taux astronomique (voir figure 7), ayant, en moyenne, grimpé à environ deux fois de taux d'inflation de l'IPC au cours de la dernière décennie. (Voir figure 8.)

Le gouvernement dépense, par tête, 30 pour 100 de plus en termes réels qu'il ne faisait il y a 10 ans.

En outre, le sentiment unanime des prévisions économiques examinées par le Comité est que

la reprise sera lente et hésitante, que la demande des consommateurs canadiens restera

relativement faible et que le taux de chômage restera obstinément élevé. (Voir figure 5.)

Compte tenu de cette perspective, les hausses d'impôt qui réduiraient le revenu disponible des consommateurs, minieraient la confiance et restreindraient la rentabilité, supprimaient la

création d'emplois et la croissance de l'emploi.

En dépit de fortes hausses d'impôt dans les deux derniers budgets, les recettes fiscales seront cette année plus faibles qu'il y a deux ans, une indication que le gouvernement a littéralement atteint le point du rendement décroissant de l'impôt. Comme l'expose le mémoire de la

Chambre de commerce au Comité, «le problème du trou noir déficit-dette-intérêt est encore compliqué par un trou noir connexe. Le gouvernement provincial a non seulement atteint, mais dépassé les limites d'efficacité de l'impôt. En effet, à partir de ce seuil, de nouvelles hausses d'impôt et de nouveaux impôts aboutissent non pas à augmenter, mais à réduire les

recettes fiscales.»

Il y a également la question de savoir si le gouvernement aura besoin de nouveaux impôts ou d'impôts plus élevés pour satisfaire ses besoins de recettes. Le Conférence Board a dit au Comité que lorsqu'il examine les recettes publiques, il constate que «[...] les choses vont aller beaucoup mieux qu'elles ne l'ont été au cours des deux exercices écoulés, en termes de

croissance des recettes».

Le Conférence Board prévoit que la perception totale de l'impôt direct par les gouvernements provinciaux augmentera d'environ 7 pour 100 cette année en raison de la croissance

Pour maintenir la souplesse financière et créer un environnement d'investissement accueillant, il est essentiel de réduire notre déficit et de stabiliser notre dette.

Cela peut se faire au moyen de hausses d'impôt ou de maîtrise des dépenses. Nous sommes en faveur de cette dernière option pour les motifs que la première entraverait la croissance et la création d'emplois et absorberait l'énergie d'une reprise au ralenti (en particulier dans la demande nationale).

LES IMPÔTS ET LE DÉFICIT

Jamais au cours des cinquante dernières années, les conditions pour faire des affaires en Ontario n'ont été aussi mauvaises : nombre record de faillites, nombre croissant de fermetures d'usines et de licenciements.

Nous sommes exsangues, de grâce plus d'impôts! Les hausses d'impôt ne feront qu'aggraver la situation du déficit et, ultérieurement, qu'exercer plus de pression encore sur nos programmes sociaux.

*Pat Palmer, président, Chambre de commerce de l'Ontario
Mémoire prébudgétaire de 1993*

Le Comité a entendu des témoins déclarer que la crise de la dette est si grave qu'il faut augmenter les impôts pour reprendre la maîtrise du déficit.

Nous ne sommes pas d'accord. En premier lieu, par le passé, les hausses massives d'impôt n'ont pas évité les énormes déficits que nous affrontons aujourd'hui. Comme on peut le voir sur les figures 3 et 4, le fardeau fiscal dans notre province a augmenté de façon spectaculaire, mais nous sommes encore aux prises avec des déficits structurels de nombreux milliards de dollars. Les impôts plus élevés ne sont pas une garantie de déficits plus bas.

La cote de crédit de l'Ontario a été abaissée de triple A à double A, et nous sommes placés sous surveillance avec les conséquences défavorables qui en découlent.

Les écarts traditionnels entre les taux d'obligations de l'Ontario et du Canada commencent à s'élargir en réaction aux inquiétudes au sujet de la qualité de la dette de l'Ontario. Leo de Bever, de Nomura Canada, rappelle, dans ses observations au Comité au sujet des émissions récentes d'obligations provinciales canadiennes, que l'Ontario empruntait à un taux de 75 points de base supérieur à celui des bons du Trésor des États-Unis, alors que la Colombie-Britannique pouvait emprunter à un taux de 48 points de base seulement supérieur à celui des bons du Trésor des États-Unis.

Le problème pour l'Ontario, a déclaré au Comité George Vasic de DRI/McGraw Hill, c'est «que la croissance de la dette est de 20 pour 100 et que, si nous ne réduisons pas rapidement le déficit, la croissance de la dette demeurera à 20 pour 100. Cela aura les effets habituels de taux d'intérêt plus élevés, réduisant ainsi les choix de dépenses que nous aimerions tous pouvoir faire dans l'avenir.»

En plus de réduire la souplesse financière de la province et de soulever de graves questions quant à l'équité entre les générations, le fardeau de la dette découragera de nouveaux investissements privés en Ontario.

La dette, et les déficits qui l'alimentent, ne sont rien de plus que des impôts reportés. La dette menaçante est essentiellement une promesse de futures pirateries fiscales de l'impôt, et les gens y penseront à deux fois avant de mettre leur argent dans une province menacée par 80 milliards d'impôts reportés.

LE DÉFICIT ET LA DETTE

[...] Le Canada et l'Ontario ont un grave problème sur le plan de la dette publique, un problème dont la résolution exigera des mesures rigoureuses. On ne parviendra pas à une croissance économique durable si l'on ne réalise pas de progrès substantiels dans la réduction du fardeau de la dette. Qui plus est, même des résultats économiques moyens à long terme ne résoudront pas par eux-mêmes le problème du déficit et de la dette.

Ontario Natural Gas Association
Mémoire prébudgétaire de 1993

Des inquiétudes considérables ont été exprimées au cours des audiences au sujet de la taille et des taux de croissance du déficit et de la dette de la province. (Voir figures 1 et 2.)

Pour mettre le problème en perspective :

- Nous estimons que d'ici la fin de l'exercice 1992-1993, la dette provinciale atteindra le sommet de 65 milliards de dollars, presque le double de ce qu'elle était il y a seulement 10 ans.
- La dette par tête de l'Ontario est passée de 3 115 \$ en 1983-1984 à un montant estimatif de 6 244 \$, soit une augmentation de 100 pour 100.
- La dette provinciale représente actuellement 22,2 pour 100 de notre PIB, contre 15,3 pour 100 en 1990-1991.
- Si la tendance actuelle persiste, la dette provinciale atteindra la barre des 80 milliards de dollars en 1994-1995.
- Comme l'a fait remarquer Aron Gampel de la Banque de Nouvelle-Ecosse dans son mémoire au Comité, «le ménage moyen de l'Ontario supporte une dette fédérale-provinciale nette de 60 000 \$ (45 000 \$ de dette fédérale et 15 000 \$ de dette provinciale). Au taux d'intérêt de 8,5 pour 100, les ménages devraient payer plus de 400 \$ d'impôt par mois pour le service de cette dette, même sans remboursement du principal.»
- Il y a cinq ans, il aurait fallu 12,5 mois de recettes pour rembourser la dette. Cette année, il faudrait 17,4 mois de recettes.

Certaines conséquences de ce gonflement de notre niveau d'endettement sont déjà manifestes.

Il serait plus que fou de maintenir ces politiques dans le vain espoir que d'une certaine façon, elles résoudront maintenant les problèmes qu'elles ont elles-mêmes créés. Ce serait un acte de lâcheté politique qui sacrifierait les chances futures de nos enfants simplement pour éviter de prendre aujourd'hui de dures décisions.

Depuis 1987, nos opinions minoritaires ont invité instamment les gouvernements successifs à recourir à des restrictions dans leurs programmes de dépenses. Nous avons, à maintes reprises, donné l'avertissement que la base de dépenses s'élargissait et s'élevait à des niveaux hors de proportion avec la capacité de notre économie d'absorber ces dépenses à long terme. Ce déséquilibre entre nos engagements de dépenses et nos ressources en matière de recettes nous a, au fil des ans, rapprochés du même piège de la dette qui a pris le gouvernement fédéral. Pour éviter ce piège, nous devons prendre immédiatement des mesures énergiques pour ramener nos dépenses plus près de la réalité économique, même si cela exige le sacrifice d'un certain nombre de vaches sacrées politiques.

Notre situation financière est si grave qu'on ne peut plus l'ignorer. Elle est si grave qu'on ne peut plus la redresser du jour au lendemain. Le budget de 1993 doit toutefois marquer un point de départ. Il peut être la dernière chance du gouvernement de l'Ontario d'agir de son propre chef avant que ses créanciers choisissent à sa place.

Consultations prébudgétaires de 1993 Opinion minoritaire du PC

Introduction

Nous avons depuis longtemps dépassé le point où les petites modifications et les combinaisons budgétaires ont une valeur quelconque. Si nous voulons mettre un terme à la spirale et éviter le trou noir, il faut prendre des mesures draconiennes. Toute mesure en deçà sera vraiment irresponsable sur le plan social.

Chambre de commerce de l'Ontario Mémoire prébudgétaire de 1993

L'objectif primordial du budget de l'Ontario de 1993 doit être de créer un milieu d'affaires et un climat économique capables de créer de nouveaux emplois grâce à des mesures tendant à réduire le déficit, à stabiliser la dette et à conférer l'allègement fiscal visé.

Si l'on veut créer de nouveaux emplois et attirer de nouveaux investissements dans la province, nous croyons qu'il est essentiel de poursuivre les objectifs de réduction du déficit et de stabilisation de la dette sans une autre ronde de hausses d'impôt punitives. Les hausses d'impôt pour pallier des insuffisances de recettes que l'on perçoit seraient suicidaires et freineraient la reprise.

En conséquence, la gestion des dépenses et la création d'un secteur public plus petit, plus efficace et d'un coût plus abordable sont les clés qui ouvrent la stabilité financière à long terme et la croissance durable de l'économie et de l'emploi.

Il ne reste plus d'options faciles : elles ont été éliminées par presque une décennie d'impôts, d'emprunts et de politiques financières de dépenses du NPD et du Parti libéral, qui n'ont fait que léguer une dette énorme et grandissante et écraser les contribuables.

14. Le gouvernement de l'Ontario appuie les initiatives fédérales visant à améliorer le niveau et le degré de coordination et de coopération financière et budgétaire entre les provinces et l'Ottawa, notamment la création d'initiatives visant à réduire la dette publique totale, à adopter un système normalisé de déclaration des comptes publics et un échéancier fixe pour la publication des budgets fédéraux et provinciaux.

15. Le ministre des Finances devrait charger une partie indépendante de préparer une analyse des coûts et avantages de la conversion à la comptabilité d'exercice, de donner un avis sur la question de savoir si une conversion de ce genre aurait pour résultat une description plus complète, plus compréhensible, plus accessible et plus réaliste de l'actif et du passif de la province, de donner une estimation du coût nominal que représente une conversion de ce genre. Cette analyse devrait être déposée à l'Assemblée législative et renvoyée au Comité permanent des affaires économiques et financières aux fins d'étude et de consultation.

9. Le gouvernement devrait constituer un volet dépenses qui soit le pendant de la Commission de l'équité fiscale et, sur la recommandation faite au Comité par M. T. Whitehead, de la Banque Canadienne Impériale de Commerce, constituer une commission des dépenses efficaces. La commission serait formée d'un groupe de citoyens n'appartenant pas au gouvernement et pourrait être organisée et dotée en personnel comme la Commission de l'équité fiscale. Elle aurait pour mandat d'examiner les façons dont les deniers publics sont dépensés en Ontario et de recommander des moyens d'économiser de l'argent ainsi que d'examiner les coûts qu'en résulteraient, le cas échéant, sur la qualité des services fournis par le secteur public dans la province. La commission créerait un certain nombre de groupes de travail, qui se pencheraient sur des catégories déterminées de dépenses pendant une période fixée. Elle serait également chargée d'élaborer une nouvelle méthode d'évaluation de la valeur dans le gouvernement qui jugerait les programmes en fonction de leur efficacité et non de leur attrait politique.
 10. Toute nouvelle proposition d'impôt ou de taxe, de politique ou de règlement touchant les entreprises doit faire l'objet d'une évaluation de son effet sur la compétitivité des sociétés ontariennes et sur les coûts d'exploitation dans la province, et de son impact sur l'emploi. Le mécanisme d'évaluation et son processus devraient être élaborés en accord avec les secteurs concernés et les résultats devraient être accessibles au public.
 11. Le gouvernement devrait abroger le projet de loi 40 et en déposer un autre qui démocratiser le mouvement syndical en Ontario, notamment en insérant des dispositions visant à répandre l'usage du scrutin secret.
 12. Le gouvernement devrait prendre immédiatement des mesures pour redresser les problèmes du système d'indemnisation des accidents du travail en Ontario, notamment une enquête sur la faisabilité de la privatisation de l'assurance sur les accidents et les lésions sur les lieux de travail. En attendant, pour contrôler la dette non provisionnée de la CAT et les coûts pour les entreprises, le gouvernement devrait :
 - Imposer un moratoire sur tous les nouveaux droits jusqu'à la mise en place d'un plan traitant de la dette non provisionnée;
 - Suivre la voie tracée par le Nouveau-Brunswick et le Manitoba, et réduire les niveaux de prestations et simplifier les procédures administratives;
 - Adopter une démarche de rentabilité à l'égard de la réadaptation et insister des vérifications des activités de la Commission des accidents du travail sous l'angle de la rentabilité.
13. Le secteur de la petite entreprise devrait être exonéré de l'impôt-santé des employeurs. Cet impôt devrait être supprimé progressivement au cours d'une période de deux ans pour les sociétés dont les frais annuels de personnel sont inférieurs à 400 000 \$.

- Il prend immédiatement des mesures pour déterminer pourquoi le taux de recouvrement sur tous les versements d'aide sociale qui doivent être remboursés à l'État est seulement de 3 pour 100 comparativement au taux de recouvrement de 10 pour 100 signalé pour les recouvrements effectués par le gouvernement dans son ensemble.

- Il met en oeuvre, avec le gouvernement fédéral, un programme de remplacement du double revenu visant à recouvrer des paiements provisoires de bien-être social auprès des personnes qui attendent de toucher l'assurance-chômage. Un programme de ce genre pourrait permettre à la province de recouvrer 50 millions de dollars par an.
- Il adopte une loi semblable à celle du Québec pour renforcer l'autorité des agents de révision du bien-être social afin qu'ils mènent des enquêtes sur la fraude au bien-être social. Les fonctionnaires du Québec ont un taux de réussite de 75 pour 100 dans le recouvrement des dollars de la fraude au bien-être social dans les 5 000 cas qu'ils examinent annuellement.

- Il examine l'effet financier de la décision d'éliminer les visites à domicile, pour déterminer l'admissibilité.
- Il examine le plan consistant à étendre les prestations de bien-être social aux étudiants de 16 et de 17 ans qui déclarent simplement qu'ils n'aiment plus vivre chez leurs parents.

- Au lieu du dépôt direct, il met en oeuvre le ramassage obligatoire des chèques et un programme de révision comme celui qui est appliqué au Nouveau-Brunswick. Le programme pourrait viser des groupes précis de bénéficiaires qui seraient obligés de se présenter en personne pour faire mettre à jour leur dossier.
- Il envisage d'instaurer un programme d'emploi d'été pour étudiants afin d'augmenter les effectifs disponibles pour mener des révisions de l'admissibilité et contribuer à réduire la fraude saisonnière au bien-être social.
- Il vérifie que l'on a dûment et entièrement établi les coûts de toute modification proposée aux conditions d'admissibilité à l'aide sociale avant de la mettre en oeuvre.

8.

Il impose un moratoire au programme de logements sans but lucratif et termine seulement les projets en cours. Au lieu de subventionner les briques et le mortier, le gouvernement devrait restructurer ses politiques en matière de logement pour aider les personnes et les familles à satisfaire leurs besoins de logement au moyen de paiements directs d'allocation pour le logement. La Fair Rental Housing Organization a estimé qu'un système d'allocation-logement procurerait un logement à 250 000 ménages à faible revenu à un coût de quelque 400 millions de dollars annuellement. À titre de comparaison, les subsides versés pour les 100 000 logements sans but lucratif que les contribuables supportent d'ici 1995 coûteront 1,2 milliard de dollars annuellement.

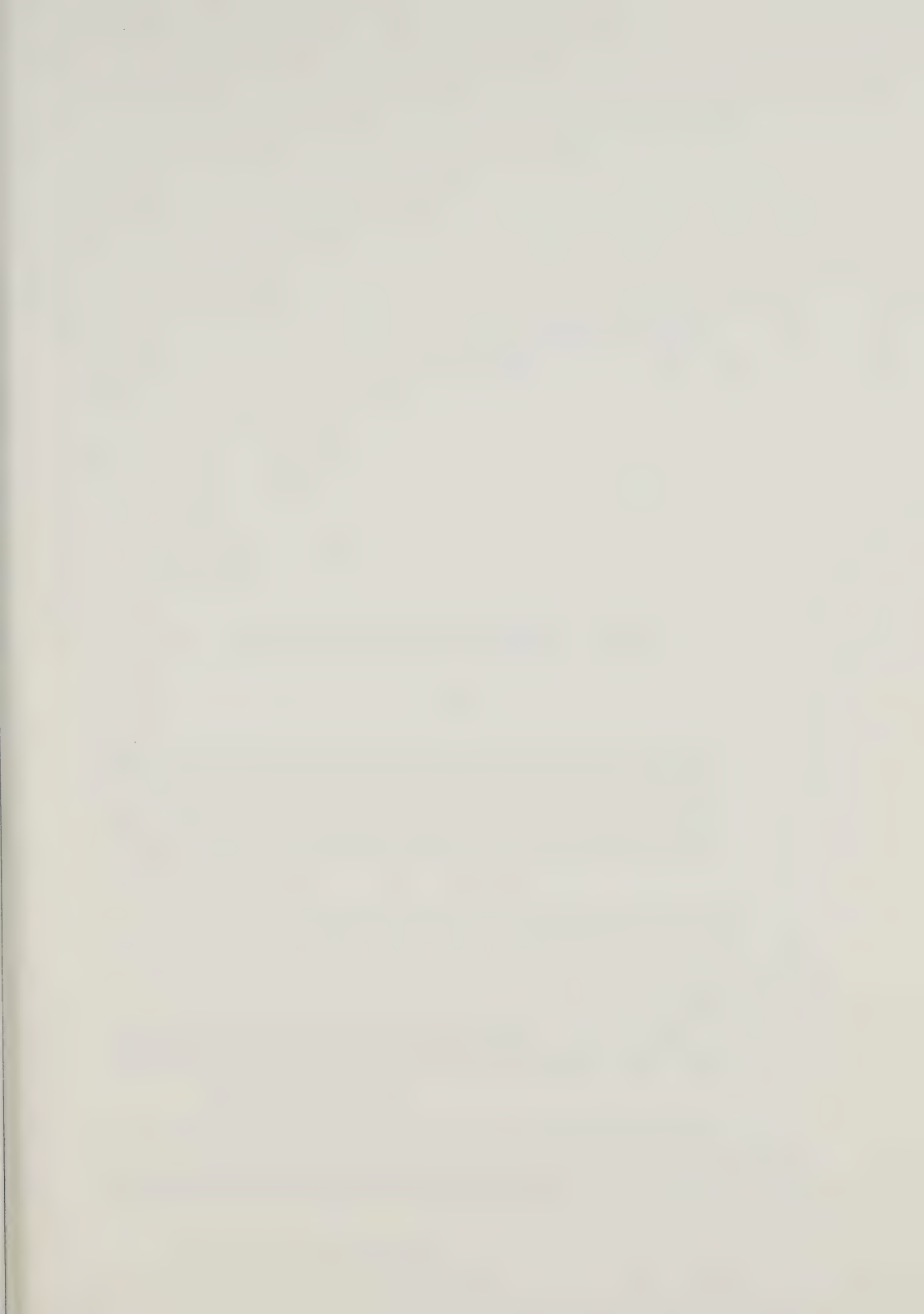
RECOMMANDATIONS

1. Le budget de 1993 ne devrait pas augmenter les impôts ou les droits ni instaurer de nouveaux impôts ou droits.
2. L'impôt sur les concentrations commerciales (ICC) imposé dans la région du grand Toronto devrait être abrogé.
3. Pour éviter la fuite des capitaux hors de l'Ontario, pour maintenir un climat d'investissement favorable et pour encourager le retour à la rentabilité, le gouvernement insère dans le budget de 1993 une déclaration claire et bien définie que, durant son mandat, il ne lèvera ni impôt sur la richesse ni droits de succession, ni impôt minimum sur les sociétés.
4. Pendant l'exercice 1993-1994, la province maintiendra ses dépenses relatives au compte de fonctionnement au niveau de 1992-1993 afin d'inaugurer un programme multianuel de gel des dépenses en vue d'équilibrer le compte de fonctionnement en trois ans. Dans le cadre de cette stratégie, la province devrait adopter une loi d'équilibre du budget exigeant que le gouvernement équilibre le budget au moins une fois durant son mandat.
5. Le gouvernement de l'Ontario élabore un plan visant à réduire le nombre des effectifs de la fonction publique à son niveau de 1985 et collabore avec ses partenaires MUSH pour réduire le nombre d'effectifs et le coût du secteur public en général.
6. Tandis que sont en cours des réductions à long terme de la taille de la fonction publique ontarienne, le gouvernement, de concert avec les syndicats et les associations de ses employés, met en oeuvre un programme analogue à celui que propose le gouvernement du Manitoba aux termes duquel les fonctionnaires recevraient des jours de repos supplémentaires non payés durant l'année (par exemple, les vendredis durant l'été). Les services essentiels seraient exceptés. Le gouvernement manitobain a calculé que ce programme réduira sa note de salaires d'environ 4 pour 100. Un programme analogue en Ontario ferait économiser environ 160 millions de dollars au cours du prochain exercice.
7. Le gouvernement prend immédiatement des mesures pour relier le budget du bien-être social à des initiatives de formation professionnelle et de création d'emplois et pour améliorer la gestion et la reddition de compte du système d'aide sociale en vue de réduire les pertes causées par la fraude et la mauvaise administration et :
 - Il applique la recommandation du rapport du Comité d'examen de l'aide sociale de relier aide sociale et emploi en utilisant des fonds de l'aide sociale pour financer des subventions aux salaires versées aux employeurs qui embauchent des bénéficiaires de l'aide sociale.



NORM STERLING, DÉPUTÉ PROVINCIAL
GARY CARR, DÉPUTÉ PROVINCIAL

CONSULTATIONS PRÉBUDGÉTAIRES DE 1993
OPINION MINORITAIRE DU PARTI PC



Opinion dissidente du Parti progressiste-conservateur

ANNEXE B

- B) Cession-bail d'immeubles du gouvernement - Est-ce dans l'intérêt public?
- C) Cession-bail des trains de banlieue et ordinateurs - Est-ce une bonne idée et sera-t-elle dûment déclarée?
- D) Retard dans le paiement de notes - par exemple, en 1992-1993, au moins 570 millions de dollars de paiement de retraite ont été reportés à plus tard et non déclarés dans les dépenses. Y aura-t-il des initiatives semblables en 1993-1994?
- E) Le gouvernement a proposé que les conseils scolaires se chargent de la dette de construction d'écoles antérieurement financée par la province - est-ce simplement une façon de cacher une dette provinciale?
- F) Création d'une série d'organismes d'Etat de l'annexe IV comme le Conseil ontarien de formation et d'adaptation de la main-d'oeuvre, des comités d'évaluation, un organisme de sécurité routière - servent-ils vraiment les intérêts du public ou le vrai motif, comme l'a dit le président du SEEFPO, serait-il de «retirer des recettes et des dépenses des livres comptables du gouvernement pour cacher une partie du personnel et une partie du déficit»?

RECOMMANDATIONS

1. Un budget de vision et d'espoir pour l'avenir
Nous voulons voir le budget renfermer les éléments suivants :
2. Un budget marqué par des restrictions financières réelles
Nous soutiendrons un budget qui comporte un plan de restrictions importantes des dépenses.
Nous évaluerons toutefois ces restrictions de dépenses en fonction de a) l'équité; b) la planification sensible aux besoins; c) l'utilisation de solutions créatives.
3. Un budget sans nouveaux impôts
Le budget ne devrait pas imposer de nouveaux impôts comme moyen de s'attaquer au déficit de la province. L'alourdissement du fardeau fiscal des Ontariennes et des Ontariens ne servira qu'à anéantir la fragile reprise. Pour insulter la confiance dans l'économie de la province, le premier ministre Rae devrait dire aux contribuables qu'il n'adoptera pas de nouvelles hausses d'impôt.
4. Restauration de la confiance de la population
Le budget devrait renfermer les signaux qui conviennent et un programme visant à renforcer la confiance de la population.
5. Présentation de rapports financiers cohérents et précis de la part du gouvernement
Pour que le gouvernement restaure la confiance dans l'économie, les Ontariennes et les Ontariens ont besoin que le budget divulgue de façon claire et entière l'état des finances de la province. La province devrait mettre en oeuvre une méthode de présentation de rapports financiers nettement modernisée, cohérente avec celles des autres provinces et avec les recommandations des sphères de comptables professionnels.
Parmi les initiatives de comptabilité créative attendues de la part du gouvernement, ce sont notamment les points suivants sur lesquels nous voulons plus d'éclaircissements :
A) Création d'une série de «sociétés de capital» - Comment seront-elles financées et comment éviterons-nous qu'elles deviennent de nouveaux pièges à dette?

Le budget du dernier exercice renfermait des prévisions de recettes et de dépenses très discutables. Le gouvernement incluait un montant d'une hauteur irréaliste de 1,2 milliard de dollars dans les recettes de stabilisation fiscale du gouvernement fédéral. De même, il a engagé certaines dépenses qui n'ont pas été déclarées en tant que telles, notamment les paiements en retard aux caisses de retraite des enseignants et de la fonction publique.

Cette année, le premier ministre a décidé la création de trois nouvelles sociétés d'État, la Société immobilière de l'Ontario, l'Agence ontarienne des eaux et la Société ontarienne d'investissement dans les transports, qui retireront une bonne partie des dépenses publiques des états financiers de fonctionnement normaux du gouvernement. Les membres intéressés du public devront devenir des détectives financiers pour déchiffrer l'état véritable de la situation financière de l'Ontario.

Ce sont des exemples des mauvais signaux que ce gouvernement envoie aux investisseurs, aux milieux d'affaires et aux contribuables.

Le présent budget doit dire à ces groupes que l'Ontario est un bon endroit pour travailler, investir et gagner de l'argent. C'est en montrant que le gouvernement peut réduire ses propres dépenses d'une façon réelle et équitable, en simplifiant les livres comptables de la province pour que les Ontariens puissent comprendre l'état véritable des finances de l'Ontario et en reprenant le contrôle d'organismes comme la CAT, que l'on enverra à ces groupes les signaux positifs nécessaires.

UN MESSAGE DE BON SENS

Les Ontariens connaissent la vérité. Le déficit est trop élevé et des réductions de dépenses publiques sont nécessaires pour résoudre ce problème. Le taux de chômage est trop élevé et une croissance économique plus forte peut résoudre ce problème.

Le présent budget doit réaliser des progrès dans le sens de la réduction des dépenses et du déficit. De même, le budget doit envoyer aux contribuables et aux investisseurs des signaux indiquant que l'Ontario est un bon endroit pour travailler, pour placer son argent et créer des emplois.

Les solutions aux problèmes financiers de l'Ontario sont à la portée de la main, mais elles exigent du caractère de la part du gouvernement. Les libéraux ontariens scrutent le budget en quête de signes que le NPD commence à prendre les décisions qui s'imposent pour renforcer la reprise fragile et en tirer parti.

Nous serons vigilants pour voir si le gouvernement déposera un budget sans aucune hausse d'impôt. Les libéraux ontariens croient que ce sera une politique clé pour alimenter une reprise économique durable.

UN BUDGET QUI RESTAURE LA CONFIANCE DE LA POPULATION

Le présent budget sera l'indication la plus claire de la façon dont le gouvernement prévoit traiter l'économie.

En 1991, le premier ministre Rae a déclaré qu'il avait à choisir entre combattre le déficit ou combattre la récession. Il a déclaré dans son budget qu'il combattrait la récession. Le premier ministre Rae a permis que le déficit échappe à tout contrôle. L'Ontario est encore aux prises avec les conséquences de cette décision.

Cette fois, les contribuables et les gens d'affaires scrutent le budget en quête de signes que le gouvernement actuel comprend que ses deux budgets précédents se sont soldés par un échec. La province ne peut pas sortir du malaise actuel de l'économie en accroissant ses dépenses.

L'année dernière, le gouvernement du NPD a passé le plus clair de son temps à induire les Ontariens et les Ontariennes en erreur sur les perspectives économiques de la province.

Tout en prétendant travailler à une plus grande coopération avec les partenaires du marché du travail, le gouvernement est allé de l'avant avec des modifications spectaculaires de la *Loi sur les relations de travail* (projet de loi 40). Il en a résulté une plus grande aliénation et non une plus grande coopération. Ces modifications ont un effet défavorable sur l'investissement en Ontario. Nous sommes décidés à abroger tout article du projet de loi 40 qui est une entrave au développement économique en Ontario. À deux reprises l'an dernier, le premier ministre Rae a dit à des auditeurs d'outre mer que l'Ontario était en train de devenir défavorable aux investissements à cause de l'accord actuel de libre-échange entre le Canada et les États-Unis et l'accord imminent de libre-échange nord-américain. Pendant ce temps, un peu plus loin, des fonctionnaires mexicains dynamiques disaient aux sociétés étrangères que leur pays était «ouvert aux affaires». Nous comprenons que le premier ministre soit opposé à ces ententes d'échanges commerciaux, mais ce n'est pas la bonne démarche à adopter que d'utiliser un auditoire international de gens d'affaires à l'étranger comme tribune pour attaquer et miner la confiance dans l'économie canadienne.

Le fiasco permanent à la Commission des accidents du travail qui dépense 180 millions de dollars dans la construction d'une nouvelle tour de bureaux même si Toronto actuellement offre excédentaire de locaux de bureaux pour les 20 prochaines années, est un signal aux entreprises qu'elles peuvent s'attendre sous peu à des primes plus

Le ministre des Finances prédit que le déficit de l'exercice 1992-1993 atteindra environ 12 milliards de dollars, soit 2 milliards de plus que ce qu'il avait initialement prévu en avril 1992. À ce niveau, la province aura une dette accumulée de 65 milliards de dollars. Le service de la dette absorbera plus de 13 cents de chaque dollar de recettes publiques. En moins de trois ans, le gouvernement du NPD a ajouté 25 milliards de dollars de nouvelles dettes (jusqu'à 60 pour 100 par rapport à 1990), soit 2 500 \$ pour chaque homme, femme et enfant dans la province.

Pour diminuer le niveau actuel du déficit, le gouvernement ne peut pas compter uniquement sur la croissance de l'économie. Des économistes du secteur privé prédisent que l'Ontario n'aura pas une croissance assez rapide, dans un avenir rapproché, pour réduire le déficit sans une réduction substantielle des dépenses.

Les agences d'évaluation du crédit ont déjà placé l'Ontario sur leur liste de «surveillance», première étape vers une diminution de la cote. Actuellement, la province a une cote (négative) double A. Si l'Ontario tombait au niveau d'un seul A, la dette de la province serait beaucoup plus difficile à faire accepter aux investisseurs d'outre mer. Beaucoup de grands experts financiers estiment qu'une cote A est un niveau de garantie moins que suffisant pour leurs placements.

La faible cote de crédit de l'Ontario rend doublement importantes des réductions de dépenses considérables dans le budget. Plus que tout autre facteur, les agences d'évaluation du crédit examinent les dépenses publiques comme un signe que la province met de l'ordre dans ses finances. Elles voient dans la réduction des dépenses un signe que l'Ontario prévoit d'emprunter moins d'argent et n'augmentera pas les impôts de demain pour payer les dépenses d'aujourd'hui. Si le gouvernement se contente de raffaïoler le côté dépenses de son plan financier, nous ne pourrions pas maintenir la qualité de la vie dont nous jouissons actuellement.

On comprend que le gouvernement puise une partie importante de ses réductions de dépenses dans l'enveloppe du budget que représentent les salaires et avantages sociaux. Même si nous appuyons cette démarche, nous croyons que les réductions nécessaires de dépenses dans ce secteur doivent se faire d'une façon équitable, innovatrice et souple.

UN BUDGET QUI NE COMPORTE PAS DE NOUVELLES TAXES

L'économie ontarienne a commencé à donner des signes d'amélioration. Mais, bien que le taux de chômage ait légèrement diminué et que l'économie ait recommencé à croître, la reprise demeure fragile.

Dans ce budget, le gouvernement doit veiller à ne pas freiner la reprise. L'Ontario doit maintenir l'élan encore fragile de son économie au moyen d'un budget qui ne contienne ni nouveaux impôts ni hausses d'impôt.

Des impôts plus élevés mineraient la confiance des entreprises et des consommateurs.

INTRODUCTION

Les membres libéraux du Comité permanent des affaires économiques et financières reconnaissent le dur travail réalisé par tous les membres durant les consultations prébudgétaires du Comité. Nous apprécions de même les efforts déployés par les membres du comité de tous les partis pour parvenir à un consensus sur la base de ces consultations.

Nous croyons que la situation financière et économique de l'Ontario est troublée. Nous avons formulé nos propres recommandations sur la façon dont le gouvernement devrait procéder. Nous jugerons le budget en fonction des critères énoncés dans ce rapport. C'est pourquoi les membres libéraux du Comité présentent un rapport supplémentaire sur la ronde actuelle de consultations prébudgétaires du Comité permanent.

UN BUDGET D'ESPOIR ET DE VISION

Le problème économique le plus important, de nos jours, en Ontario est la situation du chômage. Le budget du gouvernement doit créer un climat favorable à une création d'emplois significative.

Le taux de chômage de l'Ontario s'établit actuellement à 10 pour 100, soit quatre points de pourcentage plus élevé que lorsque le premier ministre Rae est entré en fonction. La province qui, habituellement, avait le taux de chômage le plus bas du Canada arrive maintenant derrière quatre autres provinces. Plus de 200 000 sur les 555 000 Ontariennes et Ontariens en chômage le sont devenus depuis que le premier ministre Rae a pris le pouvoir.

Le taux de chômage chez les jeunes atteint le chiffre inacceptable de 17 pour 100, comparativement à 11,1 pour 100 lorsque le NPD est arrivé au pouvoir. Plus de 140 000 jeunes sont inscrits sur la liste des sans-emplois et ont peu d'espoir d'obtenir un emploi valable dans le climat économique actuel.

Le secteur de la fabrication a perdu 140 000 emplois depuis septembre 1990, dont un grand nombre étaient bien rémunérés et ne reviendront pas une fois que l'économie reprendra sa croissance.

L'objectif primordial du prochain budget du gouvernement Rae doit être de favoriser un climat dans lequel le secteur privé puisse créer les emplois nécessaires pour les 555 000 chômeurs de l'Ontario.

UN BUDGET QUI FASSE PREUVE DE RESPONSABILITÉ FINANCIÈRE

L'Ontario est aux prises avec un grave problème de déficit et de dette accumulée.

**COMITÉ PERMANENT DES AFFAIRES
ÉCONOMIQUES ET FINANCIÈRES**

**CONSULTATIONS PRÉBUDGÉTAIRES DE 1993
RAPPORT SUPPLÉMENTAIRE DU PARTI LIBÉRAL**

Opinion dissidente du Parti libéral

ANNEXE A

RECOMMANDATIONS

Le Comité recommande :

1. que le ministre des Finances prépare un rapport économique simple mais complet donnant des renseignements détaillés sur l'actif et le passif du gouvernement et des sociétés de la Couronne. Les déficits cumulés doivent se refléter avec précision dans les comptes courant et de capital;
2. que le ministre des Finances fasse preuve de prudence et soit attentif aux problèmes des entreprises et du public au moment d'étudier les questions touchant la fiscalité;
3. que tout changement de politiques propre à un secteur donne de l'activité économique ne soit pas adopté avant que l'on ait procédé à un examen minutieux des effets possibles sur l'industrie en question et les activités connexes;
4. que la prestation des services sociaux se fasse de manière plus rentable et soit plus efficace, productive et coordonnée, tout en étant basée sur les besoins des prestataires;
5. que l'on mette au point les mécanismes les plus rentables qui soient pour la prestation des services offerts par les principaux bénéficiaires de transferts de la province. Ce processus pourrait également comprendre des évaluations complètes des résultats de la prestation des services.

Selon l'Ontario Hospital Association (OHA), les hôpitaux de la province ont prouvé leur capacité de s'adapter à l'évolution de l'économie. On craint cependant que ce succès n'entraîne des objectifs moins réalistes de la part du gouvernement.

L'OHA a expliqué comment les hôpitaux avaient réussi à utiliser au maximum les rares ressources disponibles. La restructuration a entraîné la création d'une variété de nouvelles relations et alliances au sein des hôpitaux et dans la communauté en général. Malgré ces initiatives, les hôpitaux doivent faire face à d'importantes contraintes financières sur lesquelles ils n'ont aucun contrôle. On a expliqué de manière un peu plus détaillée quatre de ces contraintes : équité salariale, règlements en matière d'hygiène professionnelle et de sécurité, conventions collectives, et paiement de cotisations à la Commission des accidents du travail pour les participants en formation. L'OHA espère obtenir de l'aide du gouvernement provincial.

Le Comité recommande :

5. *que l'on mette au point les mécanismes les plus rentables qui soient pour la prestation des services offerts par les principaux bénéficiaires de transferts de la province. Ce processus pourrait également comprendre des évaluations complètes des résultats de la prestation des services.*

On a également fait ressortir la nécessité de créer des liens avec les universités, les écoles secondaires et les programmes de maintien du revenu. Ces points sont jugés critiques, tout comme les directives claires du gouvernement provincial et la collaboration fédérale-provinciale. (Le nombre d'inscriptions se fait à un rythme plus rapide que le financement provincial et le financement fédéral direct a chuté.) Les conseils s'inquiètent au sujet de leur relation avec le Conseil ontarien de formation et d'adaptation de la main-d'oeuvre (COFAM), mais sont aussi d'avis que ce dernier assurerait la coordination qui s'impose.

Les écoles

Des groupes se sont présentés devant le Comité au nom des écoles primaires et secondaires de la province. La Fédération des enseignantes et des enseignants de l'Ontario (FSEO) et certaines de ses filiales, l'Association des conseils scolaires publics de l'Ontario (ACSPPO) et le Conseil ontarien des conseillers scolaires (COCS) ont présenté des exposés au Comité. Le financement de l'enseignement a suscité le plus grand nombre de commentaires de la part de ces témoins. Le COCS a déclaré au Comité que le gouvernement devrait établir un taux du millième applicable dans toute la province pour les évaluations commerciales et industrielles aux fins de taxes scolaires. L'ACSPPO a recommandé des modifications à la *Loi sur l'éducation* et à la *Loi sur les municipalités*. Ces modifications permettraient de réviser le calendrier des paiements pour assurer un transfert plus réaliste, aux conseils scolaires, des impôts fonciers affectés aux conseils scolaires.

Les filiales de la FSEO ont demandé plusieurs initiatives axées sur les élèves, entre autres le financement provincial d'un programme de nutrition pour les enfants et du personnel de soutien professionnel au sein des conseils scolaires. Elles ont aussi recommandé l'intégration des services reliés à l'enfance, offerts par différents ministères, dans le but de réaliser des économies considérables.

Le Conseil des Universités de l'Ontario (CUO), la Fédération des étudiants de l'Ontario et l'Union des associations des professeurs des universités de l'Ontario ont tous parlé du rôle critique de l'enseignement supérieur dans la reprise économique de la province. Le sous-financement du système et de ses participants est considéré comme une menace pour les principes d'accès, d'équité et de qualité.

Le CUO s'est attardé sur le rôle des universités dans la reprise économique. Il a décrit celles-ci comme des employeurs, des producteurs de capital humain, des formateurs et recycleurs, ainsi que des partenaires de recherche. Chaque fonction pourrait être accompagnée de recommandations précises. Des programmes visant à faciliter la réduction des obstacles à la mobilité au sein du système permettraient aux gens d'y accéder selon leurs besoins, avec un maximum d'efficacité. On a fortement incité le Comité à promouvoir des stimulants dans les domaines critiques d'étude, notamment la science, le génie et la technologie de pointe. Ces stimulants procureraient aux universités une plus grande capacité de trouver d'autres sources de revenus.

Les collèges communautaires

Le système des collèges communautaires de l'Ontario célèbre son 25^e anniversaire cette année. Bien que les besoins en matière d'éducation aient dramatiquement changé au cours de cette période, le Conseil ontarien des affaires collégiales et le Conseil des présidents ont déclaré au Comité qu'il n'y avait pas eu de restructuration correspondante du système de l'enseignement. Les conseils demandent un investissement important dans le but de fournir aux étudiants l'apprentissage pratique et les connaissances générales dont ils ont besoin pour réussir dans une économie en évolution constante. Les collèges communautaires sont considérés comme les endroits où cela se fait le plus efficacement pour le moment. On juge que le système se trouve dans une bonne position pour appuyer la reprise économique en raison de l'accessibilité, de la qualité, de la souplesse, des partenariats, de l'obligation de rendre compte et de la restructuration interne.

années. Les bénéficiaires obtiendraient une augmentation de 2 pour 100 en 1993-1994, mais ce serait là un paiement unique qui ne s'ajouterait pas au financement de base. On avait déclaré à ce moment-là que ces mesures, et d'autres encore, entraîneraient des économies de l'ordre de 600 millions de dollars en 1993-1994 et de 1,2 milliard en 1994-1995.

Le Comité a reçu des commentaires écrits et oraux de la part de chacun des principaux bénéficiaires de transferts pendant la première semaine de ses audiences prébudgétaires. Tous ont abordé la question des transferts, mais d'autres thèmes communs sont également ressortis : collaboration, création de liens et restructuration économique.

Les municipalités

Les municipalités de l'Ontario étaient représentées par l'Association des municipalités de l'Ontario (AMO). Plusieurs années de rajustements insuffisants et de réductions du financement n'ont laissé que peu de souplesse aux municipalités. L'AMO a demandé au gouvernement de faire une déclaration de trois ans concernant les transferts inconditionnels. Le Comité a également appris que les municipalités avaient besoin d'aide pour le financement des infrastructures.

La province collabore avec des représentants municipaux pour démanteler les questions de financement, de gestion et de prestation des services locaux. L'AMO demande que cette collaboration se poursuive jusqu'à ce que les deux parties conviennent que toutes les questions pertinentes sont réglées. On a aussi précisé que les coûts extérieurs au processus de démantèlement ne doivent pas être transmis aux municipalités dans le but d'économiser des fonds provinciaux.

Compte tenu de la situation économique actuelle, l'AMO recommande que tout nouveau programme fasse l'objet de consultations positives. Les nouveaux programmes devraient obtenir des fonds correspondant aux coûts permanents et devraient être essentiels à la reprise économique. On a demandé à la province d'accélérer l'adoption de mesures visant à accroître la production de revenus.

soient augmentées en 1993-1994, d'autres ont suggéré des manières de rationaliser le système et de freiner les abus.

Le Comité recommande :

4. *que la prestation des services sociaux se fasse de manière plus rentable et soit plus efficace, productive et coordonnée, tout en étant basée sur les besoins des prestataires.*

LES BÉNÉFICIAIRES DE TRANSFERTS

Les paiements aux principaux bénéficiaires de transferts de l'Ontario, le secteur MUSH (municipalités, universités, collèges communautaires, écoles et hôpitaux) représentent environ 30 pour 100 du budget provincial. Le gouvernement fédéral participe au financement des services de santé, de l'aide sociale et de l'enseignement postsecondaire. Avec le début de la récession, les coûts à la hausse et les recettes fiscales à la baisse, la part fédérale de ces transferts a chuté en termes de pourcentage. En réaction à ces événements, la province a annoncé deux importantes mesures concernant les paiements au secteur MUSH depuis le mois de janvier de l'an dernier.

Le trésorier annonçait, le 21 janvier 1992, les allocations accordées entre 1992-1993 et 1994-1995 aux principaux bénéficiaires de transferts de la province. La baisse des recettes fiscales et le déficit de fonctionnement potentiel de 1,2 milliards de dollars avaient entraîné un «scénario sans changement», selon lequel les transferts pour 1992-1993 se limiteraient à une hausse de 1 pour 100. Les augmentations prévues pour 1993-1994 et 1994-1995 seraient de 2 pour 100. Le trésorier annonçait également que 160 millions de dollars avaient été prévus au budget pour aider les principaux bénéficiaires de transferts au niveau de la réforme et de la restructuration de la prestation des services.

Moins de un an plus tard, soit le 26 novembre 1992, le trésorier faisait une autre déclaration concernant les allocations de transfert. Le financement de base accordé aux principaux bénéficiaires de transferts serait plafonné aux niveaux de 1992-1993 pour les deux prochaines

personnes qui recourent aux banques alimentaires. De plus en plus de bénéficiaires des banques alimentaires doivent s'en tirer avec de moins en moins de ressources. Ces personnes sont en majorité aptes au travail, mais les emplois et les possibilités de formation sont limités.

Le Comité a entendu des groupes représentant des garderies privées, des sociétés d'aide à l'enfance, des foyers et services sociaux sans but lucratif pour personnes âgées, des programmes de partage de domicile et des maisons de transition. Chacun a exposé la valeur de ses programmes ainsi que ses besoins en termes de financement et de reconnaissance.

Des groupes du secteur de la santé ont, eux aussi, présenté des exposés. L'Association des médecins de l'Ontario a déclaré au Comité que la responsabilité financière et les soins médicaux de bonne qualité sont des points qui ne s'excluent pas nécessairement l'un l'autre. L'Ontario Pharmacists' Association a insisté sur la nécessité d'un partenariat entre elle-même et le ministre de la Santé dans le but de mieux gérer le système des médicaments dans la province. L'Association des infirmières de l'Ontario souhaite vivement que le système de la santé soit tenu responsable des fonds qu'il obtient du gouvernement. L'Association pour la santé publique de l'Ontario a demandé au gouvernement d'élaborer une stratégie financière visant à réaffecter les ressources aux services communautaires. Des représentants du secteur de la santé mentale ont discuté de la réforme de leur système de prestation de services à la lumière des contraintes budgétaires du gouvernement.

Les logements sans but lucratif ont suscité des commentaires de différents groupes du secteur privé. Certains ont suggéré que l'on élimine le contrôle des loyers et que l'on accorde des allocations de logement aux personnes répondant aux conditions d'admissibilité. D'autres ont déclaré au Comité qu'il faudrait annuler les projets qui n'ont pas été mis en oeuvre et ne pas accorder d'autres approbations, ou encore procéder à un examen complet des programmes. Certains témoins ont abordé la question de l'aide sociale. On a demandé au gouvernement de défendre et de renforcer les services sociaux de base, et de dépenser les fonds disponibles de manière équitable et efficace. Bien que certains aient demandé que les taux de l'aide sociale

garantie de dette imposés depuis 1990. Ces démarches pourraient réduire d'un taux allant jusqu'à 3 pour 100 les tarifs de gros exigés par Hydro.

Enquête énergétique a fait, dans son exposé, certaines recommandations concernant Ontario Hydro. Elle conseille vivement au gouvernement d'annuler le contrat cadre qu'il a conclu avec Ontario Hydro et de privatiser le secteur de l'électricité pour que le réseau soit ouvert à la concurrence et que les taux diminuent. Elle demande également que la politique accordant aux nouvelles centrales hydro-électriques une période de dix ans sans frais d'eau soit annulée.

Les hausses des coûts de l'électricité et l'incertitude au sujet de l'approvisionnement futur étaient deux des nombreuses questions abordées par l'Ontario Natural Gas Association (ONGA) dans son exposé au Comité. Elle a décrit le gaz naturel comme étant une option énergétique qui contribuerait à équilibrer la demande et l'offre d'électricité dans la province. Cette option pourrait aussi aider le gouvernement à respecter ses priorités économiques de manière acceptable au point de vue de l'environnement. Cela est réalisable si le gouvernement et les responsables de la réglementation encouragent des marchés compétitifs dans le secteur de l'électricité et si le gouvernement appuie la mise au point de véhicules alimentés au gaz naturel.

LES QUESTIONS SOCIALES

La lutte permanente que livre la province contre les effets de la récession, de la restructuration et de la rationalisation se fait sentir tant sur le plan humain que sur le plan économique. Tandis que le nombre de personnes ayant besoin d'aide sociale a augmenté, tous les paliers de gouvernement ont dû faire face à des baisses de recettes et se sont vus dans l'obligation de réduire les dépenses réelles, de limiter les augmentations nécessaires ou les deux. Le Comité a donc entendu des groupes décrire très habilement la situation à laquelle font face les personnes dans le besoin au sein de notre société.

La Banque alimentaire Daily Bread a expliqué au Comité le contexte dans lequel bon nombre des intervenants suivants devaient faire leur exposé. La récession a doublé le nombre de

marché, entre autres l'imposition d'un contrôle des loyers commerciaux, la vente de bière et de vin chez les dépanneurs et l'adoption d'un crédit d'impôt provincial.

Le camionnage

L'Association du camionnage de l'Ontario (ACO) décrit son industrie comme étant l'un des principaux indicateurs économiques. Le camionnage est une industrie à demande dérivée, qui assure le transport des matières premières, des pièces et des machines utilisées dans le processus de fabrication. Les niveaux d'activité se sont un peu améliorés au cours de l'année qui vient de s'écouler, mais il s'agit d'un secteur précaire et changeant. Les marges bénéficiaires demeurent minces et la croissance n'est pas suffisante pour rétablir un nombre considérable des milliers d'emplois perdus ces dernières années.

Le budget imminent devrait viser à améliorer la concurrence et à accroître la productivité. L'ACO a aussi suggéré que l'on encourage les investissements dans du nouveau matériel et dans la technologie, qu'il n'y ait pas de nouvelles taxes sur le combustible au carbone et que l'industrie du camionnage soit exemptée des taxes sur les pneus.

Le Comité recommande :

3. *que tout changement de politiques propre à un secteur donné de l'activité économique ne soit pas adopté avant que l'on ait procédé à un examen minutieux des effets possibles sur l'industrie en question et les activités connexes.*

Les services publics

La Municipal Electric Association (MEA) compte 311 membres des services municipaux d'électricité qui fournissent 70 pour 100 de l'électricité produite par Ontario Hydro à 75 pour 100 des consommateurs d'électricité dans la province. L'exposé présenté au Comité par la MEA mettrait l'accent sur les tarifs de l'électricité. On y suggère l'abolition des frais de location d'eau (frais imposés pour l'eau qui passe dans les turbines d'Hydro) et des frais de

Le transport ferroviaire

L'infrastructure ferroviaire du pays mène une lutte à la surcapacité et perd de l'argent. Le problème est le plus grave dans l'Est du Canada. Le système des chemins de fer du Canadien Pacifique a réduit la taille de ses effectifs, augmenté la productivité, conclu des ententes de partage des installations et rationalisé ses usines. Malgré ces initiatives, l'entreprise a perdu 343 millions de dollars en 1992. Elle a cependant un rôle à jouer pour aider la province à respecter ses priorités en termes de transport et à atteindre ses objectifs de reprise économique.

L'entreprise a donc souligné sa présence considérable dans la province en tant qu'employeur, société assurant le transport de marchandises et des passagers du réseau GO, ainsi que l'entretien de milliers de kilomètres de voie ferrée. Pour maintenir cette présence et demeurer un service viable et compétitif, compte tenu particulièrement des dépenses envisagées pour l'infrastructure des voies publiques, l'entreprise demande un allègement fiscal à la province. Elle propose que les taxes foncières sur les droits de passage soient éliminées progressivement sur une période de cinq ans à compter de 1993. (Ces taxes, qui coûtent au CP 6 millions de dollars annuellement, ne sont pas imposées aux voies publiques.) Les taxes provinciales sur le carburant pour locomotives devraient être éliminées progressivement au rythme de un pour 100 le litre par année, à compter de 1993.

La petite entreprise

Les membres de l'Ontario Convenience Stores Association (OCSA) emploient 13 000 personnes. Ils achètent chaque année pour plus de 500 millions de dollars de produits aux distributeurs et grossistes ontariens et paient environ 32 millions de dollars de taxe de vente au détail. Selon l'OCSA, ce segment du secteur de la petite entreprise a beaucoup souffert de l'ouverture des magasins le dimanche. Elle estime qu'en juin prochain, qui marque le premier anniversaire du «magasinage du dimanche», il aura perdu 367 millions de dollars de revenus et plus de 500 emplois. (Les pertes de revenus comprennent celles des magasins qui ont fermé leurs portes.) Certaines options aideraient à rétablir l'équilibre du

fabricants ontariens ont survécu à la récession en modifiant l'exploitation et l'organisation de leurs entreprises, processus d'ajustement qui a entraîné la perte de 250 000 emplois entre 1989 et 1991. Leur situation financière demeure cependant fragile et on prévoit encore 25 000 pertes d'emplois en 1993.

Selon l'Association des manufacturiers canadiens, l'augmentation de la production réelle dans le secteur de la fabrication dépendra d'une croissance soutenue, de la reprise économique aux États-Unis, ainsi que d'une activité plus forte, chez nous, dans les dépenses d'investissement et de consommation. L'association a fait des recommandations générales et particulières concernant le budget provincial portant notamment sur des incitations fiscales à la recherche scientifique et aux projets-pilotes, ainsi que sur le rétablissement des dispositions actuelles de rajustement du coût actuel.

Les mines

L'industrie minière ontarienne emploie environ 30 000 travailleurs à salaire élevé et hautement qualifiés. La productivité a augmenté plus rapidement dans le secteur des mines que dans les secteurs de la fabrication et des services. Chaque année, l'industrie consacre approximativement 50 millions de dollars à la recherche et au développement, paie 500 millions de dollars d'impôts, et achète pour 750 millions de dollars d'équipement et de services en Ontario.

La situation économique actuelle a touché, cependant, l'industrie des mines. L'Ontario Mining Association a déclaré au Comité qu'il faut améliorer les climats d'investissement et de structure des coûts. Une hausse des impôts n'attirera pas de nouveaux investissements dans la province. L'association a présenté une série de recommandations, dont une aide pour les coûts initiaux des infrastructures et la rationalisation des approbations environnementales et du processus d'octroi des permis.

dollars à la balance commerciale de la province. Comme d'autres secteurs, l'industrie forestière a souffert de la récente récession. Entre 1989 et 1991, les ventes ont chuté de 5 à 3,9 milliards de dollars; les bénéficiaires, qui étaient de 343 millions de dollars, ont cédé la place à une perte de 356 millions de dollars, et le nombre d'emplois est passé de 83 500 à 63 600. Selon l'Ontario Forestry Association, le secteur de la foresterie pourrait devenir plus compétitif et contribuer davantage à la reprise économique de la province si le gouvernement réduisait ses propres coûts, ainsi que le fardeau fiscal de l'industrie, et assurait la prestation plus efficace des programmes essentiels liés à l'industrie.

Le logement

L'Association provinciale des constructeurs d'habitations de l'Ontario (APCHO) représente près de 3 600 entreprises, qui employaient plus de 200 000 travailleurs au moment du boom du bâtiment de la période de pointe de la construction vers la fin des années 80. L'an dernier, 60 pour 100 des membres de l'APCHO ont réduit leurs équipes de travail et 49 pour 100 ont réduit leur nombre d'employés de bureau. L'infrastructure de l'industrie est tellement affaiblie par la récession qu'elle ne pourrait pas réagir assez rapidement, advenant une forte augmentation de la demande. L'APCHO prévoit 59 000 mises en chantier en 1993.

La fabrication

L'exacititude des prévisions gouvernementales concernant l'industrie inquiète un peu l'APCHO. Le Comité a appris que l'an dernier, on avait prévu 12 000 unités de plus que le nombre réellement construit. L'APCHO recommande que le gouvernement aide l'industrie en révoquant la Partie III de la *Loi sur les redévances d'exploitation*, ce qui éliminerait les frais d'expansion de l'éducation, ainsi qu'en réduisant et en rationalisant les règlements pertinents. Le secteur de la fabrication commande environ 50 pour 100 de l'activité économique en Ontario. Il est l'une des principales sources d'investissement en immobilisations et de recettes fiscales. Environ 800 000 personnes travaillent dans le secteur de la fabrication, et 600 000 autres emplois du secteur des services sont directement reliés à la fabrication. Les

ont été accordées à 900 organismes et à 1 817 particuliers dans 370 collectivités en 1991-1992.

La plupart du financement accordé au CAO (97 à 98 pour 100) provient du ministère de la Culture, du Tourisme et des Loisirs. Bien qu'il ait réussi à réduire ses coûts internes et qu'il continue de le faire, le CAO propose que le financement de base pour 1993-1994 soit maintenu au niveau de 1991-1992, soit 43,5 millions de dollars. Cela comprendrait le rétablissement de la coupure de 1 pour 100 au niveau du financement de base accordé en 1992-1993.

Les services d'alimentation

Le secteur ontarien des services d'alimentation a connu une croissance rapide au cours des années qui ont précédé la récente récession. Cependant, plus de 50 000 emplois ont été perdus et les ventes ont chuté de plus de 18 pour 100 au cours des trois dernières années. Il y a eu 40 pour 100 plus de faillites l'an dernier qu'en 1991. L'Ontario Restaurant

Association (ORA) a déclaré au Comité que son industrie est l'un des principaux secteurs à valeur ajoutée de l'économie provinciale et qu'il procure de l'emploi et des possibilités de formation à plus de 235 000 Ontariennes et Ontariens, dont beaucoup sont jeunes, non spécialisés, sans expérience ou récemment immigrés. L'industrie est aussi étroitement reliée aux secteurs de l'agriculture et du tourisme de la province.

Dans son exposé, l'ORA demande la réduction ou la suppression de la taxe de vente au détail, des taxes à la consommation, de l'impôt sur les concentrations commerciales et des impôts à l'emploi. Elle mentionne également certains stimulants économiques, comme les heures d'ouverture prolongées et l'accès plus facile au capital.

La foresterie

L'industrie forestière de l'Ontario génère environ 5 milliards de dollars de PIB provincial. Comme la production est en majeure partie exportée, l'industrie contribue pour 2 milliards de

de spiritueux ont chuté depuis 1981. Selon l'ADC, la baisse des ventes a entraîné des fermetures d'usines et fait augmenter la contrebande et le magasinage frontalier.

Le bâtiment

Selon le Council of Ontario Construction Associations (COCA), l'industrie est la deuxième en importance dans la province et se trouve en situation de crise. Les activités du bâtiment ont diminué de 31 pour 100 par rapport à 1991. L'an dernier, 21 000 travailleurs ont quitté l'industrie et il y a eu 696 faillites. Les taux de chute actuels correspondent à la perte de 2 500 emplois toutes les six semaines. Les prévisions concernant l'avenir indiquent que les activités dans le domaine de la construction non résidentielle continueront de chuter cette année, afficheront une lente croissance en 1994, et ne reviendront aux sommets précédents qu'après l'an 2005.

Le COCA demande des garanties de niveaux adéquats de dépenses en immobilisations. Il a déclaré au Comité que les politiques gouvernementales axées sur la construction d'infrastructures et la réduction du chômage dépendent de ses membres. On demande la participation du secteur privé aux nouvelles sociétés de capital annoncées en février, des réductions d'impôt, ainsi que la création d'un environnement qui améliorerait la confiance du secteur privé et stimulerait les investissements. L'Association provinciale des constructeurs d'habitations de l'Ontario demande aussi la participation de l'industrie à la création de la Société d'investissement dans les transports.

La culture

La communauté artistique ontarienne est un secteur viable et en évolution de l'économie provinciale. (Environ 200 000 emplois ont été créés dans la province en 1989 dans le secteur des arts et de la culture.) Les membres de cette communauté sont une partie créative, très compétente et très disciplinée de la population active. Dans l'exposé qu'il a présenté au Comité, le Conseil des Arts de l'Ontario (CAO) a décrit la vaste gamme de services financiers et non financiers qu'il offre aux particuliers et aux entreprises. Environ 3 950 subventions

espèrent s'en tirer pendant la reprise. Voici donc un résumé des principaux éléments de certains des exposés.

L'agriculture

Le secteur agricole ontarien subit des pressions économiques depuis le début des années 80. Il a dû, au cours de cette période, vivre deux récessions et faire face à d'importantes initiatives fédérales en matière de libéralisation du commerce ainsi qu'à la baisse du taux des investissements en immobilisations. Selon La Fédération de l'agriculture de l'Ontario (FAO), l'engagement budgétaire de la province au poste de l'agriculture a chuté de 1,2 pour 100 en 1987 à 0,73 pour 100 en 1992. En outre, la Stratégie d'investissement dans l'agriculture de l'Ontario, annoncée par le gouvernement le printemps dernier, est retardée en raison de contraintes budgétaires.

La FAO a exprimé son inquiétude face aux politiques de développement des communautés rurales. Elle a également abordé des questions fiscales ayant trait aux rapports du Groupe de travail sur l'impôt foncier et du Groupe de travail sur l'environnement et les impôts de la Commission de l'équité fiscale. La Commission ontarienne de commercialisation du tabac jaune a également fait part au Comité de ses inquiétudes en matière de fiscalité. Elle a expliqué comment son industrie est affectée par la hausse des taxes fédérale et provinciale qui, à son avis, entraîne la contrebande, le magasinage frontalier et la vente de nouveaux produits de feuilles de tabac.

La production de boissons alcoolisées

L'industrie des spiritueux en Ontario est une importante source de revenus pour les gouvernements fédéral et provincial, un important exportateur et une importante source d'emplois directs et indirects. Malgré ces facteurs, l'Association des distillateurs canadiens (ADC) a déclaré au Comité que la viabilité future de l'industrie est menacée par des injustices dans la structure actuelle d'imposition. D'autres boissons alcoolisées, à savoir la bière et le vin, sont taxées à des taux fédéral et provincial plus bas. Les prix ont augmenté et les ventes

Les consultations du Comité ont reflété cette préoccupation; aucun autre sujet n'a en effet suscité autant de commentaires.

On a mis le gouvernement en garde contre d'importantes réformes fiscales qui auraient un effet négatif sur la croissance et sur la compétitivité, et contre toute hausse d'impôt, pour le moment. Il faut laisser au secteur privé la possibilité de commencer à générer des activités économiques qui produiront plus de recettes fiscales. Tout changement éventuel devrait être progressif et aussi neutre que possible en termes de recettes.

Bon nombre de ceux qui ont fait des observations ont mis l'accent sur des impôts particuliers. Le Comité s'est fait dire à plusieurs reprises que l'impôt sur les concentrations commerciales devrait être aboli. On l'a qualifié d'inéquitable, discriminatoire et nuisible pour la compétitivité. L'adoption possible d'un impôt minimum sur les sociétés n'a pas été jugée favorablement. Un tel impôt est aussi jugé nuisible pour la compétitivité et il ne ferait que compliquer davantage les problèmes financiers qui existent déjà. Certains ont déclaré que les capitaux pourraient fuir la province, advenant l'adoption d'impôts sur la fortune et les biens reçus en héritage. D'autres ont recommandé l'harmonisation de la taxe de vente provinciale avec la taxe fédérale sur les produits et services (TPS). On a également recommandé d'élargir l'exemption pour la recherche et le développement en vertu de la taxe de vente au détail.

Le Comité recommande :

2. *que le ministre des Finances fasse preuve de prudence et soit attentif aux problèmes des entreprises et du public au moment d'étudier les questions touchant la fiscalité.*

LES QUESTIONS SECTORIELLES

La diversité économique de l'Ontario était très en évidence pendant les consultations prébudgétaires. Le Comité a entendu les représentants de certains secteurs décrire de manière très détaillée comment ils avaient relevé les défis de la récente récession et comment ils

groupe, a-t-on déclaré, il existera toujours une perception négative du public quant à la manière dont on dépense l'argent des contribuables.

Beaucoup considèrent que les dépenses publiques affectées aux infrastructures sont essentielles pour stimuler la reprise économique. En réponse à ce besoin perçu, le gouvernement de l'Ontario a annoncé au début de février dernier une nouvelle stratégie d'investissement en immobilisations. La création de trois nouvelles sociétés de la Couronne chargées du transport, des mesures de protection de l'environnement et du développement communautaire en sera l'un des principaux éléments.

Le Comité a entendu beaucoup d'exposés appuyant une augmentation des dépenses en capital et, en particulier, l'initiative annoncée en février. On lui a également exprimé de l'inquiétude à ce sujet. Un organisme a déclaré que si le gouvernement doit effectuer des dépenses en immobilisations, il faut indiquer clairement que des recettes supplémentaires viendront les compenser. D'autres observations portaient sur les nouvelles sociétés de la Couronne. On a déclaré au Comité que le ministre des Finances devrait consolider la partie provinciale des dépenses de ces sociétés, ainsi que la part publique de leur dette, dans les comptes budgétaires de la province. Ces sociétés ne devraient pas être des monopoles et il faudrait exiger qu'elles récupèrent leurs coûts en imposant des frais aux utilisateurs. On a également recommandé qu'elles aient des budgets équilibrés basés suivant la comptabilité de caisse.

Le Comité recommande :

1. que le ministre des Finances prépare un rapport économique simple mais complet donnant des renseignements détaillés sur l'actif et le passif du gouvernement et des sociétés de la Couronne. Les déficits cumulés doivent se refléter avec précision dans les comptes courant et de capital.

La fiscalité

La fiscalité est une question faisant l'objet de nombreuses discussions parmi les critiques de tous horizons, organisés ou non, dans le monde des affaires et au sein du public en général.

la prestation des programmes et services. Les commentaires reçus au sujet des relations fédérales-provinciales laissaient entendre une plus étroite collaboration entre les deux paliers de gouvernement, mais on a également mentionné le débat éternel sur les paiements de stabilisation et de transfert. D'autres exposés ont abordé le processus de démantèlement des rôles et les salaires et traitements du secteur public. Deux sujets avaient tendance à dominer cet intérêt face aux questions générales : les procédures budgétaires du gouvernement et la fiscalité.

Les procédures budgétaires

Comme les prévisionnistes des années précédentes, les particuliers et organismes se sont dits inquiets du déficit provincial et de la dette. On a demandé à la province de tenir compte des avertissements selon lesquels tous les niveaux de gouvernement doivent réduire autant le déficit que la dette. On a également suggéré de fixer des objectifs pour la réduction du déficit ou d'utiliser des techniques d'établissement du budget sur la base zéro.

On a semblé jusqu'à un certain point d'accord sur le fait que la distinction des dépenses en dépenses actuelles/d'exploitation et en comptes de capital est une bonne pratique. Un organisme a souligné que la distinction devait se faire de manière équitable et conforme aux procédés comptables reconnus. Le processus doit se dérouler ouvertement et être clairement indiqué dans les documents publics. Certains témoins étaient d'avis que la distinction en comptes ne ferait qu'embrouiller les procédés et aboutirait à passer certaines dépenses sous silence.

D'autres exposés se faisaient l'écho des inquiétudes au sujet des rapports et de l'information. Sur le plan général, on a recommandé que la province abandonne la méthode de la comptabilité de caisse et opte plutôt pour la comptabilité d'exercice. Une autre suggestion portait sur la création d'un organisme équivalant à la Commission de l'équité fiscale mais sur le plan des dépenses. Des personnes de l'extérieur examineraient la manière dont on dépense les deniers publics et recommanderaient des façons d'économiser de l'argent. Sans un tel

Les projections d'inflation pour 1993 sont plutôt faibles, variant entre 1,8 et 2,5 pour 100. Informetrica prévoit que les taux d'intérêt baisseront tout en demeurant élevés en termes réels. Le dollar demeurera assez stable, mais le Conference Board juge qu'il est présentement sous-évalué et s'attend à ce qu'il augmente vers 1995.

En raison de la baisse des taux d'intérêt et de la stabilité des prix, on s'attend à une hausse de la construction résidentielle ainsi qu'à un solide appui des logements subventionnés par l'État. Les projections pour 1993 varient entre 63 000 et 72 800 mises en chantier. Elles sont toutes inférieures à celles qui avaient été faites pour 1993 par les prévisionnistes consultés l'an dernier par le Comité.

L'Ontario est toujours considérée comme un endroit intéressant pour les investisseurs. La province n'est pas loin des marchés américains, a une population active compétente et instruite et est le centre financier et commercial du pays. Malgré ces facteurs, tous les prévisionnistes ont exprimé une certaine inquiétude face à l'avenir. La confiance des consommateurs demeurera faible en raison de l'insécurité qui subsiste face à l'emploi et des dettes élevées des consommateurs. Les revenus demeureront également faibles et les pouvoirs publics et les entreprises continueront de supporter le fardeau de lourdes dettes. Les réductions des paiements de transfert mettront encore à rude épreuve les relations fédérales-provinciales. L'élection fédérale prochaine et les développements au niveau du commerce extérieur (ALE, ALÉNA et GATT) ajouteront d'autres éléments d'incertitude.

LES POLITIQUES ÉCONOMIQUES ET FINANCIÈRES

Les exposés présentés par les banques, les cabinets de consultation et le ministre des Finances ont permis au Comité de situer les suivants dans un contexte beaucoup plus large. Les politiques économiques et financières du gouvernement provincial ont beaucoup stimulé la discussion chez les organismes des secteurs public et privé.

De nombreux témoins ont soulevé des préoccupations classiques comme la réduction des frais de fonctionnement du gouvernement et la promotion d'une plus grande efficacité au niveau de

TABLEAU I

PROJECTIONS ÉCONOMIQUES POUR L'ONTARIO :
VARIABLES CHOISIES - JANVIER 1993

ONTARISTE	CROISSANCE RÉELLE Changement en % 1993 1994 1995 1996	EMPLOI Changement en % 1993 1994 1995 1996	CHÔMAGE % 1993 1994 1995 1996	IPC/INFLATION Changement en % 1993 1994 1995 1996	MISES EN CHANTIER (milliers de logements) 1993 1994 1995
du Trésor et de	3,8 4,2 4,1 4,0	2,1 2,9 2,9 3,0	10,6 9,8 8,8 7,9	2,0 2,0 2,0 1,9	
Ontario-Dominion	3,2 4,3	1,0 1,7	11,0 10,7	2,5 2,8	65,5 72,5
Canada	4,0 4,0 4,0 4,0				
Indienne Impériale	3,1	1,4	10,6	2,5	71,5
Law Hill	3,6 4,3 4,0	1,2 2,3 2,6	11,8 11,5 10,8	1,8 2,1 2,4	72,8 76,4 69,8
Board du Canada	3,0 3,9	1,3 2,7	10,9 10,0		
	3,6 4,8		10,5 9,5	2,5 2,7	68,0 75,0
Nouvelle-Écosse	2,2	0,8	10,7	1,8	63,0
oyale du Canada	3,4 4,1	1,6 2,2	10,6 10,0	2,1 2,3	70,0 76,6
	3,3			2,5	

posés au Comité permanent des affaires économiques et financières, janvier 1993.
Ministre du Trésor et de l'Économie de l'Ontario, *Perspectives économiques de l'Ontario 1992-1996* (Toronto, le Ministère, octobre 1992). Les projections du Conférence

Remarque : Certains prévisionnistes n'ont pas fait de projections pour plusieurs années ou de projections s'appliquant particulièrement à l'Ontario.

Cela se reflète dans les taux de chômage qui se maintiennent élevés, bien que certains -
prévoient une baisse au-dessous de 10 pour 100 en 1994.

Les mises en garde des prévisionnistes ont précédé l'exposé présenté au Comité par le - ministre des Finances en février. Les perspectives du ministère pour 1993-1994 en ce qui a trait aux recettes affichaient, à ce moment-là, une baisse de 5,8 milliards de dollars par rapport aux prévisions budgétaires d'avril 1992. Le déficit prévu pour 1993-1994 se chiffrait à 8,1 milliards de dollars. Tout déficit au niveau des recettes modifierait ce montant.

L'avenir

Les neuf organismes de prévision qui ont fait des exposés au Comité ont fourni des projections économiques à court et à long terme pour l'Ontario. On trouvera au tableau 1 leurs projections pour un nombre choisi de variables. Ce tableau reproduit aussi les projections pour les années 1993 à 1996 faites par l'ancien ministère du Trésor et de l'Economie dans le document intitulé *Perspectives économiques de l'Ontario 1992-1996*, publié en novembre 1992. Le Comité est tout à fait conscient du fait qu'il est difficile de prévoir l'avenir avec exactitude.

Les projections de la croissance réelle pour 1993 vont de 2,2 à 4 pour 100, la plupart se situant entre 3 et 3,6 pour 100. La croissance sera modérée comparativement aux reprises précédentes. L'amélioration de l'environnement économique aux États-Unis et la faiblesse du dollar canadien profiteront à l'Ontario plus qu'aux autres provinces. On s'attend à ce que les exportations, les mises en chantier et les véhicules automobiles deviennent les principaux facteurs de croissance. La croissance réelle augmentera en 1994; les prévisions portant sur les années ultérieures indiquent qu'elle se stabilisera à environ 4 pour 100.

La prévision la plus optimiste concernant le changement du taux de chômage en 1993, 2,1 pour 100, provient du ministère du Trésor et de l'Economie. La Banque de Nouvelle-Écosse ne prévoit qu'une augmentation de 0,8 pour 100. La croissance sera lente en raison de la restructuration continue et de l'importance accordée à l'amélioration de la productivité et à la réduction des coûts, en particulier dans le secteur de la fabrication. Plus la productivité augmente, moins on crée d'emplois. (Nomura Canada prévoit qu'il n'y aura pas plus d'emplois dans le secteur de la fabrication en l'an 2000 qu'il n'y en avait en 1990.)

1991-1992, les déficits budgétaires fédéral et provinciaux se chiffraient à 56 milliards de dollars; ils s'élèveront à 55 milliards pour l'exercice en cours. Il faut en outre ajouter à ces fardeaux le fait que des pourcentages assez considérables des deux niveaux de dette sont, selon les estimations, détenus à l'étranger : 20 pour 100 au niveau fédéral et 40 pour 100 au niveau provincial.

La Banque de Nouvelle-Ecosse a déclaré au Comité que des déficits provinciaux annuels de plus de 5 milliards de dollars jusqu'au milieu des années 90 pourraient porter la dette impayée à plus de 80 milliards de dollars. Elle estime que les coûts de service de la dette absorbent 12 cents de chaque dollar de recette.

Les prévisionnistes sont d'avis que la situation actuelle mettra beaucoup de temps à s'améliorer ou à changer. Selon la Banque Royale, le pays devra supporter un déficit structurel pendant un certain temps. Les paiements nécessaires au service de la dette continueront d'augmenter tant en pourcentage des recettes totales qu'en pourcentage du produit intérieur brut (PIB).

Nomura Canada place l'Ontario dans un contexte international. Le Comité a en effet appris que la province et Ontario Hydro attirent l'attention à l'étranger. Les investisseurs japonais et européens craignent que les déficits actuels ne soient pas cycliques et ne disparaissent pas au fur et à mesure de la reprise. Les emprunts provinciaux sur les marchés internationaux avaient augmenté en raison des taux d'intérêt élevés chez nous. À mesure que le dollar canadien perd de sa valeur, cependant, les coûts du service de cette dette étrangère augmentent.

Selon la Banque de Nouvelle-Ecosse, le service de la dette exige des fonds qui pourraient autrement être affectés à l'amélioration de la compétitivité des entreprises. Le WEFA Group prévoit, pour les cinq prochaines années, une perte annuelle de 0,5 pour 100 de la croissance nationale possible en raison de la réduction du déficit.

emplois perdus au Canada entre avril 1990 et avril 1992. Informetria a déclaré au Comité que le taux de chômage en Ontario avait augmenté de 6,3 points de pourcentage entre avril 1989 et décembre 1992, taux supérieur à celui de Terre-Neuve pour la même période. Le ministre des Finances a fourni des données sur les licenciements et fermetures d'usines pendant la dernière récession ainsi que la précédente. Environ 25 pour 100 étaient permanents il y a dix ans, alors que les deux tiers étaient jugés permanents pendant la récession que nous venons de vivre.

Tout en réitérant les aspects négatifs de la situation actuelle, notamment le taux de chômage élevé, la faible confiance des consommateurs, les déficits budgétaires et les lourdes dettes des pouvoirs publics et des ménages, les prévisionnistes ont également souligné des tendances positives qui ont commencé à surgir à la fin de 1992. La reprise américaine et la faiblesse du dollar canadien ont ensemble contribué à une hausse des exportations et à une diminution du magasinage frontalier. Le rythme des pertes d'emplois a ralenti, les taux d'intérêt sont à la baisse et les mises en chantier ont augmenté. On attribue la plus grande concurrence à la croissance plus lente des salaires, à l'augmentation de la productivité et à la hausse des exportations. Une autre preuve d'amélioration est la déclaration faite au Comité en janvier par le Conference Board du Canada, selon laquelle l'Ontario a créé 5 000 emplois par mois au cours des huit derniers mois, par opposition à la perte moyenne de 10 000 emplois par mois pendant les huit mois précédents.

La dette et les déficits

La dette et les déficits budgétaires des paliers fédéral et provinciaux ont été un point commun des exposés des prévisionnistes cette année. Les membres du Comité ont écouté d'une oreille inquiète les avertissements au sujet des conséquences possibles du maintien de la dette et des déficits à des niveaux élevés.

Le Conference Board évalue la dette actuelle combinée des pouvoirs publics fédéral et provinciaux à 600 milliards de dollars, chiffre qui exclut les sociétés de la Couronne. Sur ce total, 100 milliards de dollars se sont ajoutés au cours des deux dernières années. En

SOMMAIRE ET LES PRÉVISIONS ÉCONOMIQUES

On a décrit l'année qui vient de s'écouler comme une année d'ajustement pour l'économie ontarienne. Certains indicateurs économiques ont été interprétés comme des signes d'un début de reprise postérieure à la récession, et beaucoup de ces changements étaient considérés comme le résultat de plus vastes changements structurels. Bien que ces développements semblent avoir ouvert la voie à l'amélioration, les prévisionnistes ont tempéré leur optimisme prudent en faisant observer que la croissance demeurera limitée et le taux de chômage élevé.

La situation actuelle

On a beau entendre de la bouche de nombreux commentateurs que le pire de la récession est passé, ses éléments structurel et cyclique se combinent et continuent d'avoir un effet considérable sur la province. Les prévisionnistes s'entendent sur le fait que l'Ontario est la province la plus durement éprouvée au Canada.

DRI/McGraw-Hill attribue la lenteur de la reprise à un manque de croissance de la productivité au cours des années 80. Pendant la seconde moitié de cette décennie, la productivité a augmenté, sur une base cumulative, de 15 points de pourcentage de moins au Canada qu'aux États-Unis. Parmi les facteurs ayant contribué à cette situation, on mentionne les taux d'intérêt plus élevés dans le but de maintenir l'inflation à un bas niveau, et des salaires qui ne correspondaient pas au rendement en termes de productivité. La Banque Toronto-Dominion a transmis un message semblable au Comité en déclarant simplement que l'ajustement structurel suivant la récession précédente avait été moindre au Canada qu'aux États-Unis.

Les répercussions globales de la récession, mais en particulier la nécessité d'ajustement structurel, ont eu un effet prolongé sur la croissance économique de l'Ontario. Comme l'a indiqué Nomura Canada dans ses observations, le pourcentage de la population participant à la production de biens et services est plus élevé en Ontario que dans toute autre province. D'après la Banque Toronto-Dominion, l'Ontario a perdu 60 pour 100 de l'ensemble des

INTRODUCTION

Le Comité permanent des affaires économiques et financières a le plaisir de remettre son rapport résumant les recommandations et observations au sujet des priorités économiques et financières en vue du budget de l'Ontario 1993.

Le processus de consultation prébudgétaire du Comité a commencé en janvier. Comme les années précédentes, le Comité a invité les représentants, les banques, les cabinets de consultation et autres organismes, ainsi que le trésorier de l'Ontario et son personnel, à formuler des prévisions économiques pour la province, à court et à long terme. (Le trésorier de l'Ontario est maintenant appelé ministre des Finances.) Le Comité a reçu, en janvier également, des exposés des principaux bénéficiaires de transferts de la province, le secteur «MUSH» (municipalités, universités, collèges communautaires, écoles et hôpitaux). Des audiences ont eu lieu pendant six autres jours en février et en mars. Des représentants de plus de 40 groupes des secteurs public et privé, ainsi que certains particuliers, ont témoigné au cours de ces séances. Le ministre des Finances et son personnel ont rencontré le Comité pour une deuxième fois en février.

Cette année, les consultations se sont déroulées à une étape critique de la reprise économique de la province. On prévoit une croissance réelle au cours de l'année à venir, qui sera cependant limitée. La province lutte encore contre les effets postérieurs de la récession. Les dernières prévisions de recettes du ministre des Finances pour 1993-1994 sont de 5,8 milliards de dollars inférieures à ce qui avait été prévu dans le budget de 1992. Les mises en garde au sujet de la dette publique et des déficits à tous les paliers de gouvernement n'ont pas cessé de venir de chez nous et de l'étranger.

Le Comité tient à remercier les groupes et particuliers qui ont participé au processus de consultation. Leurs contributions réfléchies lui ont fourni des points de vue uniques sur les priorités économiques et budgétaires de la province pour 1993.

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The Honourable David Warner,
President of the Legislative Assembly,
Sir,

The permanent committee on finance and economic affairs honours you by presenting its report on the consultations on budgetary matters for 1993 and by conferring the honour of presenting its report on the committee.

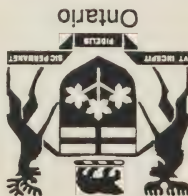
A handwritten signature in black ink, appearing to read "Ron Hansen".
Ron Hansen

Queen's Park
April 1993

Comité Permanent des Finances et des Affaires Economiques

Consultations prébudgétaires pour 1993

3^e session 35^e législature
42 Elizabeth II



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Legislative Assembly of Ontario

Standing Committee on Finance and Economic Affairs

Pre-Budget Consultation 1994
and
Preliminary Response to the Fair Tax
Commission

3rd Session, 35th Parliament
43 Elizabeth II





LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

TORONTO, ONTARIO
M7A 1A2

The Honourable David Warner, M.P.P.
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Finance and Economic Affairs has the honour to present its Report on its Pre-Budget Consultation 1994 and Preliminary Response to the Fair Tax Commission and commends it to the House.

A handwritten signature in cursive script, reading 'Paul R. Johnson'.

Paul R. Johnson, M.P.P.
Chair

Queen's Park
February, 1994

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INTRODUCTION

The Standing Committee on Finance and Economic Affairs is pleased to present its recommendations and comments concerning the economic and fiscal priorities for the 1994 Ontario budget.

The Committee's pre-budget hearings took place from January 19 to February 1, 1994. As in previous years, presenters from banks, consulting firms and other expert organizations, as well as the provincial Minister of Finance and his staff, were invited to provide economic projections for the province over both the short and the long-term. Submissions were also received from the province's principal transfer recipients, the MUSH sector (municipalities, universities, community colleges, schools, and hospitals). Representatives of more than 40 public and private sector organizations appeared during these sessions as well.

This year's consultation was held a month after the release of the Fair Tax Commission's report, *Fair Taxation in a Changing World*. Presenters were asked to comment on the more than 100 recommendations contained within that report.

The Committee would like to thank those groups and individuals who participated in this year's consultation process. Their thoughtful contributions provided unique perspectives on the province's economic and fiscal priorities for 1994.

ECONOMIC SUMMARIES AND FORECASTS

The forecasts presented during the 1994 pre-budget consultation by the Ministry of Finance and private sector representatives were cautiously optimistic and unusually consistent. Little time was spent on reviewing the past year; attention was focussed on the future. Unfortunately, some of that future's brightness will be dimmed by continuing high unemployment, provincial revenue shortfalls, and public sector deficits and debt.

The Past Year

One forecaster who did discuss the past year was the Toronto Dominion Bank (TD). The TD's review provided the Committee with a context for optimism about the future.¹

The province experienced moderate growth in 1993, the TD's estimate being 2.5%. (This is weaker than the 3.2% which appeared in last year's forecast.) Consumers remained cautious as evidenced by below-average growth in provincial retail sales. A decline in housing starts was attributed to fewer socially-assisted units and a slight decrease in private units.

On the positive side, Ontario's manufacturing shipments rose in the first 10 months of 1993 by almost 9%, in nominal terms, to approximately \$135 billion. This growth was widespread and complimented by an increase in exports of almost 16% in the first three quarters of the year. Export growth was double-digit in automobiles and electrical machinery. National manufacturing productivity rose as well. Real output per worker grew by 3.9%. (It had increased by 4.5% in 1992.)

¹The Conference Board of Canada completed consumer and business confidence surveys just prior to its appearance before the Committee. Consumer confidence rose in the fourth quarter 1993 in Canada, most particularly in Ontario. Business confidence had also increased in the fourth quarter.

According to the TD, 64,000 net new jobs were created between December 1992 and December 1993. (The Ministry of Finance reported that 79,000 net new jobs were created in 1993.) Most of these positions were in business and personal services industries, and wholesale and retail trade. The TD pointed out that there had been a structural change in Canadian employment between 1989 and 1993; the number and proportion of self-employed workers grew.

The Minister of Finance spoke of infrastructure investments, economic development actions, and education and training initiatives that the government had participated in with the private sector over the past year. He also referred to the province's improving competitive position and the tri-partite infrastructure program, and provided progress reports on the Expenditure Control Plan and the Social Contract.

An issue of concern to the Minister and to Members of the Committee was the \$880 billion negative in-year change in provincial revenues from the 1993 budget to the current outlook. The Minister attributed virtually all of the revenue revisions to taxes. Projected personal income tax (PIT) fell from \$14.3 billion in the budget to \$13.9 billion in the second quarter finances. Updated information provided by the federal government indicated that the 1992 PIT was weaker than expected, lowering the base for growth in 1993/94.

The budget had anticipated a decline in tobacco tax revenues, but the decline that appeared in the second quarter finances (\$70 million) was larger than expected. It was attributed to smuggling. Lower corporations tax revenues were said to reflect higher than anticipated refunds resulting from losses in previous years. Other witnesses suggested a number of causes for the declines, among them the underground economy, inflation (or the lack of it), and low annual wage increases.

Deficits and Debts

Federal and provincial deficits and debt, a common theme in last year's presentations, were much discussed by forecasters and Members again.

The 1993 provincial budget projected a \$9.2 billion deficit for the fiscal year 1993/94. The current outlook, as presented by the Minister of Finance, is for a deficit of \$9.5 billion. Figures provided by the TD showed the 1993 federal budget's projected 1993/94 deficit to be \$32.6 billion. The revised 1993/94 deficit is in the \$44 to \$46 billion range. Using the revised figures, the TD indicated that the federal deficit had risen as a percentage of gross domestic product (GDP) from 1992/93 to 1993/94; the province's fell as a percentage of GDP over the same period of time. Debt as a percentage of GDP rose in both jurisdictions from 1992/93 to 1993/94.

According to Nomura Canada, both levels of deficit probably peaked in 1993/94. However, the decline in both will be disappointingly slow. Government (federal, provincial and municipal) debt as a percentage of GDP will begin to flatten in 1995 but rise toward the end of 1998.

The Committee was told that concerns about the levels of deficit and debt remain. The Canadian Imperial Bank of Commerce (CIBC) said that markets have been very understanding because governments around the world had been having the same experiences. It went on to say that it doubted the markets would remain tolerant if they did not see a dedicated plan for deficit reduction in the near future. The Royal Bank told the Committee that governments' extended borrowing had put them at the point where if action were not taken soon, more dramatic cuts will be imposed through the financial markets or externally.

Witnesses did recognize that governments were facing difficulties in dealing with deficits and debt. Some of the problems identified were low inflation, small wage

increases, continued consumer caution, and the underground economy, all of which are having an adverse effect on revenues.

Several solutions were put forward. The TD and the Conference Board of Canada (CBOC) both said that there was a need for cooperation between the federal and provincial governments. Informetrica expressed the hope that there would be healthier discussions between the two levels of government, after a period of operating at cross-purposes. Other suggestions included a balance of monetary and fiscal policies, cutting or freezing government expenditures, more cooperation from the public, and more clearly defining the legitimate roles of government.

Members of the Committee asked forecasters for their views on the speed with which governments should attempt to reduce their deficits. In the opinion of the CBOC, if reducing deficits could cause growth, there would never be a deficit. If done too quickly, it could have a dramatic effect on consumers' confidence and incomes. The Royal Bank agreed that there could be damage if the reduction process was mistimed. If there was room to manoeuvre, a case could be made to continue to run deficits. However, observers would be hard pressed to find another country with high levels of debt and deficit that followed that route without having a debt crisis.

The Future

Forecasting organizations provided short and long-term economic projections for Ontario. Those for a selected number of variables are found in Table 1. This table also includes projections for 1994 to 1997 made by the Ministry of Finance in the document *Ontario Economic Outlook*, released in November 1993. The Committee recognizes that there is considerable consistency this year in the projections made by the Ministry of Finance and private sector organizations.

TABLE 1
ECONOMIC PROJECTIONS FOR ONTARIO:
SELECTED VARIABLES PRESENTED JANUARY 1994

FORECASTER	REAL GROWTH % change			EMPLOYMENT % change			UNEMPLOYMENT %			CPI/INFLATION % change			HOUSING STARTS (000s of units)			
	1994	1995	1996	1997	1994	1995	1996	1997	1994	1995	1996	1997	1994	1995	1996	1997
Ministry of Finance	3.4	3.9	4.6	4.5	1.8	2.4	2.4	2.6	10.3	9.9	9.5	9.0	1.6	1.5	1.5	1.5
TD Bank	3.8	3.9			1.8	2.0			10.3	10.2			2.3	2.4		
Informetrica	4.6	4.5	4.4	3.7	2.6	2.7	2.2	2.2	9.9	9.4	9.4	9.2	1.9	1.8	1.7	1.9
CIBC	3.1				1.4				10.6				2.5			
Conference Board of Canada	3.5	3.7	4.1	3.7	1.9	2.7	2.9	2.7	10.2	9.5	8.7	8.0	1.7	1.8	1.8	1.9
Royal Bank of Canada	3.9	4.4			1.9	2.5			10.5	9.3			2.0	2.2		
													51.0	64.0	72.0	80.0
													55.0	61.0		
													58.1	93.1	99.9	101.4
													71.5			
													60.0	69.8	74.7	75.1
													54.6	61.6		

Sources: Presentations to the Standing Committee on Finance and Economic Affairs, January 1994; and Ontario, Ministry of Finance, Ontario Economic Outlook 1993 (Toronto: The Ministry, November 1993). Conference Board of Canada figures were obtained on-line, 9 February 1994, from Annual Provincial Forecast, last updated 31 January 1994.

Note: Some forecasters did not make multi-year or specific projections for Ontario.



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PRE-BUDGET CONSULTATION 1994 AND PRELIMINARY RESPONSE TO THE FAIR TAX COMMISSION

Page 3 - Third Paragraph

Second line should read "\$880 million"

Real growth projections for 1994 fell between 3.1% and 4.6%. Further improvement is expected over time. (DRI/McGraw-Hill described 1994 as a transition year.) Ontario's growth will lead that of the other provinces this year. Exports, particularly automobiles and auto parts, and business investment, particularly in machinery and equipment, were identified as the engines for growth. The domestic situation was described as "struggling." Continued restraint is expected to prevent governments from making much if any contribution to economic growth.

In terms of employment, Informetrica projected a 2.6% growth in 1994; others predicted between 1.4% and 1.9%. Unemployment will continue to be high, anywhere from 9.9% to 10.6% in 1994, with a slow decline in the following years. Productivity gains were said to have the potential to be so large that output could be raised without normal increases in employment. New labour-saving technologies and faster growth in the labour force have both worked against short-term improvement in employment and unemployment. According to Nomura Canada, the tri-partite infrastructure program will have a negligible impact on jobs after the effects of spending cuts, and increases in pension payments and unemployment insurance premiums have been felt.

Inflation is expected to remain low in 1994 (anywhere from 1.7% to 2.3%), as are interest and mortgage rates. The Canadian dollar is expected to remain low in relation to that of the United States. The TD thought the dollar could weaken somewhat during 1994 and strengthen in the latter part of the year. Nomura Canada felt that any tendency for the currency to improve would be used to lower interest rates.

Projections for housing starts were subject to the greatest variation in both the short and the long-term, with the Ministry of Finance's estimate the lowest for 1994. The TD felt that recovery will be centred in the private as opposed to the public sector. Activity in the long-term will not approach the levels of the late 1980s. The first-time home buyer group is expected to shrink in size.

A number of factors were thought to affect the validity of these projections. Consumers will continue to be cautious due to low income prospects, low employment growth, difficulties in finding a job, and retirement planning. The outcome of the upcoming Quebec election could have national and international repercussions. Current federal-provincial transfer agreements expire this year. The federal budget and its deficit reduction package will have an impact on the provinces and their plans. Finally, the future of the goods and services tax (GST) may come under discussion.

The Committee recommends:

- 1. The provincial economy appears to be entering a period of growth, however, controlling the deficit and job creation should continue to be priorities for the government.**

ECONOMIC AND FISCAL POLICIES

As in previous years, the presentations made by banks, consulting firms and the Minister of Finance provided the Committee with a context in which to better appreciate the submissions of other witnesses. Not unexpectedly, the economic and fiscal policies of the provincial government elicited considerable response.

The Committee heard that government programs and operations were in need of review and structural reform. Costs should be reduced through consolidation of services or decentralization. Further reduction could be incurred with the elimination of trade barriers, and multiple layers of legislation and regulation.

Strong support was expressed for the new Crown corporations created last year (e.g., the Transportation Capital Corporation and the Realty Corporation). The tri-partite infrastructure program received qualified support. The Committee was told that the program should be funded out of existing revenue sources. New

taxes should not be introduced or existing taxes increased to provide the necessary capital.

Witnesses from the private sector called for reform and review of the Workers' Compensation Board (WCB). Specific concerns were the WCB's unfunded liability and possible expanded coverage to currently exempt industries. An unrelated recommendation from small business representatives called for the elimination of administered subsidy programs and competition from the government and government agencies in the commercial sector.

Job creation and employment were on the minds of a number of presenters. Some called upon the government to establish a full-employment strategy that included a concerted job-creation effort. Members of the business community felt that the government should work with them to build a climate that would create jobs and assist in the reduction of the deficit.

Last year's Committee report discussed two issues that had emerged as themes during the hearings: the government's budgetary procedures and taxation. Both generated a sizeable number of comments this year as well.

Budgetary Procedures

Government deficit and debt continued to be concerns for forecasters and many other witnesses. It was recommended that the provincial government legislate spending limits, set goals for reducing the deficit and develop a timeframe for achieving a balanced budget. Expenditure reductions were identified as the only area in which a real impact on deficit and debt could be achieved.

Reporting and disclosure were the subjects of presentations made during last year's consultation process. At that time, it was recommended that the province move from a cash-based accounting method to one that was accrual-based.

Members of the Committee noted that this issue resurfaced in the latter part of 1993.

In his audit of the 1992/93 provincial public accounts, the Provincial Auditor qualified his opinion of the province's financial statements. He was concerned about the deferral of required contributions to the Teachers' Pension Plan and the Public Service Pension Plan for the March 31, 1993, fiscal year. While the deferral was permitted under modified cash accounting, the Auditor felt it was significant enough that the province's financial statements did not fairly present expenditures for that fiscal year. He recommended that during the 1993/94 fiscal year the government base its financial statements on the recommendations of the Public Sector Accounting and Auditing Board (PSAAB) of the Canadian Institute of Chartered Accountants. (His audit of the 1993/94 statements will be based on those recommendations.) The recommendations considered to have the most significant impact included "reflecting revenues and expenditures on an accrual basis of accounting, including the value of pension benefits earned by employees" and "the inclusion of all organizations owned or operated by the government."²

The Minister of Finance responded to the Auditor's recommendations in October 1993. He agreed that government accounting practices could be revised to reflect advances in public sector accounting practices. Implementation of the PSAAB recommendations represented a major shift in established practices and would be time-consuming and challenging. Ministry staff would analyze and evaluate the impact of implementation for the year ending March 31, 1994, and strive to introduce change in that fiscal year.³

The change in reporting methodology was raised during the Ministry of Finance's appearance during this year's pre-budget consultation. Ministry officials were

² Ontario, Ministry of Finance, *1992-93 Public Accounts of Ontario*, vol. 1 (Toronto: Queen's Printer, 1993), p. 1-12.

³ Ontario, Office of the Provincial Auditor, *1993 Annual Report of the Office of the Provincial Auditor* (Toronto: The Office, 1993), p. 4.

asked for assurances that the Auditor's recommendations would be acted upon within the recommended time frame. Committee members were told that the 1993/94 public accounts but not the 1994 budget would be reported using the accrual system.

The Committee recommends:

2. **The province's financial statements should be presented in as clear and complete a manner as quickly as possible.**

Taxation

Witnesses were asked to respond to the recommendations found in the report of the Fair Tax Commission (FTC), *Fair Taxation in a Changing World*. A large number did, some to the exclusion of other pre-budget issues, and their comments are discussed in the final section of this report. Despite this interest in the Commission's work, a number of presenters had recommendations of a less specific nature.

Tax increases were not supported by some witnesses. Others described the "total tax burden" as a disincentive to investment and a barrier to the entry of new businesses. The government was advised to consider taxation levels in light of today's global market. The Committee heard that there should be a review of provincial taxation and regulatory policies which hinder growth. Recognition should also be given to the mobility of consumer spending when new policies are being developed.

The government introduced a corporate minimum tax (CMT) with first reading of Bill 133, the *Corporations Tax Amendment Act, 1993*, on December 8, 1993. The prospect of a CMT evoked mixed reactions from witnesses. Those from the private sector were opposed, felt it would add to their "compliance burden" or asked that certain provisions parallel those found within income tax procedures.

The Ontario Secondary School Teachers' Federation supported the tax and the closure of corporate tax loopholes.

SECTORAL ISSUES

The divergent sectors of Ontario's economy were well represented at this year's pre-budget consultation. Witnesses brought Members up-to-date on developments in their respective spheres of activity and commented on what could be considered for inclusion in the up-coming provincial budget.

Agriculture

The Ontario Federation of Agriculture (OFA) used the tentative agreement reached at the General Agreement on Tariffs and Trade (GATT) in December 1993 as the context for its presentation. It felt that the provincial government could help the industry respond to the opportunities created by the new trading environment and help farmers deal with the inevitable adjustments.

Among the recommendations made by the OFA was the introduction of an investment tax credit on eligible machinery, equipment and building materials. It went on to call for the establishment of a combination grant/loan program to assist farmers in making improvements that would benefit the environment. References were also made to reductions in tobacco taxation, research to develop an effective vaccination to control raccoon rabies, and preferential tax treatment for ethanol-blended gasolines.

Beverage Alcohol and Food Service

Ontario's legal distilled spirits industry employs approximately 9,000 people and has an economic impact of about \$800 million per year. According to the Association of Canadian Distillers (ACD), the industry has had to face a growing number of challenges in recent years. Sales and consumption of legal product

have been declining since the early 1980s. Federal and provincial taxation levels are considered high and unfair. The illegal sale of spirits in the underground economy poses a growing threat. To meet these challenges, the ACD asked that the Liquor Control Board of Ontario's \$9 mark-up on a 750 ml bottle of spirits be lowered by \$4.

The food service industry was represented by the Ontario Restaurant Association (ORA). This sector represents 3.8% of provincial GDP and 6.7% of total employment. While the ORA made a number of comments with respect to the FTC's recommendations, it also spoke to specific industry concerns. The health of the industry could be improved with the introduction of video lottery terminals in licensed establishments and the extension of the hours of operation of those establishments. Other suggestions included an increase in the corporate deduction for business meals, and wholesale pricing for beverage alcohol sold to the hospitality industry.

Construction

The Council of Ontario Construction Associations (COCA) represents 49 local mixed, prime constructor/builder and trade associations across the province. The decline in construction activity between 1989 and 1993 has resulted in low profits, high unemployment and near record numbers of bankruptcies. COCA felt that recovery would be assured if the government met its commitments on building infrastructure and reducing unemployment.

The year 1993 was described by the Ontario Home Builders' Association (OHBA) as the worst its industry has experienced since the recession of the early 1980s. The OHBA told the Committee that consumers are very sensitive at present and nothing should be done to reduce their buying power. A modest recovery is expected in 1994 and a key factor in that recovery is the availability of serviced lots. Government regulations and approval processes were seen as constraints on that availability.

Culture

The Ontario Arts Council (OAC) is an agency of the provincial government. It provides funding to individuals and organizations representing a wide range of artistic endeavours. This investment generates economic activity, creates jobs, and provides education and stimulation. The OAC's single request was that its base budget be increased by \$3,973,000 in 1994/95.

Manufacturing

Ontario's manufacturing sector is expected to outperform the rest of the economy in 1994, as it did in 1993. According to the Canadian Manufacturers' Association (CMA), shipments rose by 8.5% and production increased by approximately 5% in 1993. Exports will continue to drive the sector's recovery, as domestic (consumer and business) demand remains depressed due to cash pressures.

The CMA told Members that long-term success depends on manufacturers and governments working together. Governments should encourage innovation, entrepreneurship, productive investment, and industrial growth. To meet these demands, the provincial government should reintroduce the current cost adjustment (OCCA) and broaden the research and development (R&D) exemption provided for in the *Retail Sales Tax Act*. The province's competitive position could be improved by making capital tax creditable against corporate income tax. If the province wishes to continue on the leading edge of scientific research and experimental development, it should ensure the R&D Super Allowance is not taxed by the federal government.

Motor Vehicles

The Motor Vehicle Manufacturers' Association (MVMA) told the Committee that North American motor vehicle sales increased in 1992 and that the United States market is expected to grow this year. The industry's recovery has been slower in

Canada, but growth in the US is positive news as approximately 90% of Canadian production is exported to that country. Good Canadian sales are, however, considered necessary to justify significant domestic investment. That investment accounts for 60,000 jobs in motor vehicles assembly in Ontario and another 65,000 in parts production, amounting to 7% of national GDP. The MVMA said that caution on the part of Ontario consumers is justified by the level of national public debt and unrestrained public expenditures. Expected export- generated growth should be seen as an opportunity to reduce the deficit.

The MVMA made a series of recommendations relevant to its industry. The government was urged to reintroduce the OCCA, modify the existing Tax for Fuel Consumption program and implement a mandated vehicle emissions inspection and maintenance program. The MVMA also recommended the implementation of a tailpipe emissions premium, and expressed concerns about manufacturers' rebates and the RST.

Resource-Based Industries

Weak markets for most products and continuing financial losses seem to characterize the state of Ontario's forest industry. This was apparent in figures presented by the Ontario Forest Industries Association (OFIA). Between 1989 and 1992, the primary forestry industry faced declining earnings which became losses, falling capital expenditures, a debt/equity ratio that went from .45 to 1, to 1 to 1, and a 16% drop in employment.

Despite the pessimistic outlook, the OFIA saw opportunities in working more closely with government. It described a new industry-government partnership with the Ministry of Natural Resources. The hope is that this process will develop improved revenue mechanisms, decrease wood costs and see the industry take on more responsibility for developing and funding forest management programs.

The Ontario Mining Association (OMA) noted that while world demand for minerals is increasing, Canada's share of supply is declining and investment capital is leaving the country. Canada has the workforce, the resources and the infrastructure, but the economic and policy framework in place at this time does not encourage investment to remain. The high cost of doing business, regulatory duplication, and uncertainty and delay in environmental assessment and approvals processes were seen as some of the deterrents to exploration and development.

A 10-point plan for government-industry action prepared by the Canadian Mineral Industry Foundation was presented by the OMA. Among the five government actions were changes in appropriate tax legislation, establishing processes for land use planning and streamlining federal and provincial environmental regulations.

Retail

The direct membership of the Retail Council of Canada represents approximately 60% of the nation's retail trade; affiliates add to that amount. The RCC described 1993 as a better year than the three preceding. Structural change continued, but general economic activity improved and consumer demand was strengthened. A noticeable trend was an increase in capital investment, which led to reduced labour costs rather than expanded capacity.

This year will improve slowly and unevenly, but RCC members remain cautious. The Committee was told that increased taxes would have a negative impact and drive more people into the underground economy. The highest priority for the RCC is federal and provincial commodity tax harmonization. Other concerns related to government fiscal policies included high employment-related taxes and the rates of property taxes levied on retail properties.

Trucking

The Ontario Trucking Association (OTA) provided the Committee with the results of a recent sectoral analysis undertaken by Deloitte, Touche and Braxton Associates. That study concluded that trucking was central to economic renewal. It is the dominant mode of freight transportation in Canada and Ontario, and plays an essential role in manufacturing and retail trade. It generates \$3.3 billion in Ontario GDP and employs approximately 200,000 people or 4.8% of provincial employment. In terms of trade, trucking hauls about 75% of Ontario's exports to the United States and about 83% of American imports into Ontario.

The industry saw some improvement in 1993, but that improvement was sluggish, uneven and choppy. Immediate prospects may be tenuous, but trucking appears to be getting back on its feet. The OTA hoped the budget would improve competitiveness, enhance productivity and be fiscally responsible. Among its more specific recommendations was no increase in the provincial diesel fuel tax rate. It also called for a balance between road maintenance and expansion, and requested that more of the revenue generated from fuel taxes be specifically assigned to the province's highway system.

SOCIAL ISSUES

Representations from groups active in or concerned with social issues provided a balance to the more economic and fiscal concerns of other witnesses. They also allowed the committee to apply a human face to the pre-budget process.

Members heard requests for provincial support for a national child care program and for an increase in low-cost and non-profit housing. The government was advised to avoid moving toward a "work-for-welfare scheme" and to adopt the elimination or reduction of poverty as a high priority. It was further recommended that the government adopt a systematic approach to drug reform,

and that regional and local structures be empowered to work with communities to accelerate mental health program development.

The Ontario Association for Non-Profit Homes and Services for Seniors recommended that spending policies be realigned to ensure that funding for facility-based care services for the elderly is commensurate with allocations to other facilities for people with severe disabilities. It also asked that provincial policies be developed through a meaningful consultative process. This should be done so that new legislation, policy or program expectations are not introduced without appropriate resource allocations.

Children's services were represented this year by the Ontario Association of Children's Aid Societies. In its opinion, the government must take 100% of the funding responsibility for child welfare services. The child welfare system should have a funding mechanism that recognizes a series of elements, including core service requirements, standardized costs for service units, and an appeal mechanism for budget allocations.

TRANSFER RECIPIENTS

In November 1992, the then Treasurer announced that base funding to the province's major transfer partners would be capped at 1992/93 levels for the next two years. The MUSH sector (municipalities, universities, community colleges, schools and hospitals) would see funding increase by 2% in 1993/94, but this would be a one-time only payment and would not go into base funding.

Further cost-saving measures in the Expenditure Control Plan and the Social Contract have had an effect on MUSH sector funding. Another development was the establishment last fall of the Ontario Financing Authority. This body will assist the province and public bodies such as the MUSH sector to borrow and invest money and provide other financial services.

Presentations were made to the Committee by each of the major transfer recipients. Despite the differences in the issues that they brought forward during the consultation process, all talked of the need for more provincial cooperation with transfer partners and greater funding predictability or stability.

Municipalities

Ontario's municipalities found 1993 to be a very difficult year. In the opinion of the Association of Municipalities of Ontario (AMO), they are still grappling with the effects of last year's cuts. AMO went on to tell the Committee that resources should be devoted to restructuring for greater efficiency, rather than to ways to absorb further funding cuts. Governments should work together to find solutions to shared problems.

These comments served as an introduction to the recommendations that AMO made. The current practice of "downloading" was regarded as a way of not dealing with realities. AMO said that this approach can no longer be tolerated and called for a new way of governing. New programs must be accompanied by funding that was commensurate with their ongoing cost. Related to this was a request for more predictability with respect to provincial transfers. AMO felt there was no room for additional cuts to unconditional grants. It also recommended that existing grants not be cut as a result of participation in the tri-partite infrastructure program.

Universities

The university sector was represented by the Council of Ontario Universities (COU) and the Ontario Confederation of University Faculty Associations (OCUFA). Both organizations discussed the economic benefits that universities afforded their local and broader communities.

Underfunding was a concern to both COU and OCUFA. It had led COU to propose a series of reforms to provincial tuition fee policy (eg. an increase in fees and an improved program of student assistance). OCUFA opposed tuition fee increases saying they would impede access and equity. Higher fees also meant that more money would be coming from private sources. OCUFA was adamant in its belief that universities should remain publicly-funded and accountable. COU felt that increased funding and tuition fee reform would redress many of the problems caused by underfunding and create a system accessible to all qualified students.

Community Colleges

Each of the major groups within the community college system appeared before the Committee to make a joint submission, emphasizing that support of the college system should be among the government's highest priorities.

College representatives recognized that the government was operating in a difficult fiscal environment. At the same time, their system is being met with growing demands for access to programs and services. While it has been able to provide increased access, maintain quality and reduce unit costs for services, movement forward in any of these areas is now in serious jeopardy. Witnesses felt the system could no longer maintain both quality and access.

Schools

The Fair Tax Commission's report made major recommendations with respect to school financing. Teachers' organizations, trustees and board officials alike responded to those specific recommendations. Consideration was given to other issues as well.

Adequate operating support and reform of the capital grant program were recommended by the Ontario Public School Boards' Association. It also called for

capital funding for building renovation and energy conservation that would augment allocations under the tri-partite infrastructure program.

According to the Ontario Separate School Business Officials' Association, expenditure ceilings and grant calculations must be adjusted in order to obtain a fair distribution of revenue and an equitable tax burden on local ratepayers. The School Bus Operators' Association asked that there be no further reductions in student transportation funding by the province until restructuring initiatives can be implemented to realize greater cost efficiency.

The Ontario Teachers' Federation and its affiliates spoke to a variety of concerns, including the Social Contract and its effect on salary grids, the futures of younger employees, and working relationships. The province was asked to increase its financing of elementary and secondary education to a level that would approximate 60% of boards' real operating costs by 1995. There was also a recommendation not to reduce transfer payments.

Hospitals

The Ontario Hospital Association (OHA) told the Committee that hospitals will experience a shortfall of approximately \$557 million in previously promised funding in 1994/95. Ongoing costs such as pay equity, pension plan increases and Workers' Compensation were seen as exacerbating the situation. The OHA asked that consideration be given to the impact of decreased funding levels on patient care and jobs. It felt that a period of funding stability was required if reallocation and restructuring were to be accomplished effectively and sensitively. Cooperative planning and agreed upon standards of care were also needed.

A moratorium on further cuts in the institutional health care system was requested by the Ontario Nurses' Association, to remain in place at least until more community services became available. If a moratorium was not feasible, time

should be taken to assess the effect on access to services and quality of patient care before further cuts are introduced.

FAIR TAX COMMISSION REPORT

The Ontario Fair Tax Commission was created by Order in Council on December 20, 1990 to

advise and report to the Treasurer of Ontario and Minister of Economics on the design and implementation of a more equitable tax system in Ontario.⁴

The Commission was also asked to examine and report on specific issues such as the distribution of the tax burden among income groups, options for ensuring that corporations pay an appropriate share of the tax burden, and the distribution of tax powers between the three levels of government. Working groups were established to examine and make recommendations respecting specific taxes.

A series of working group reports were published prior to the release of the Commission's final report, *Fair Taxation in a Changing World*, in December 1993. The final report contained 135 recommendations. These recommendations covered a broad range of issues, from budget secrecy to financing education, to taxes and the environment.

Witnesses appearing before the Standing Committee on Finance and Economic Affairs during its 1994 pre-budget consultation were asked to comment on the recommendations made by the Fair Tax Commission (FTC). Many did; often to the exclusion of recommendations for the upcoming provincial budget. A summary of these responses appears in Appendix A. (Appendix B contains the Commission's recommendations.)

⁴Ontario Fair Tax Commission, *Fair Taxation in a Changing World* (Toronto: University of Toronto, 1993), Appendix A.

The Committee has not had the time to take anything more than a cursory look at the FTC's final report. For this reason and because of the divergence of opinions presented by witnesses, it is the Committee's view that much more in the way of detailed consideration is required. The Committee does, however, feel it appropriate to present overviews of comments made on specific areas of recommendations: Corporation Taxation in a Fair Tax System; Payroll Taxation; The Role of Taxes in Protecting the Environment; and Paying for Services: Property Taxation in a Fair Tax System.

Corporation Taxation in a Fair Tax System

According to the FTC's report, some of the most contentious issues raised during its hearings related to corporate taxes. Its recommendations in this area elicited both support and opposition from witnesses who appeared before the Committee.

There was agreement that Ontario's rates of tax on business should be maintained at approximately current levels, relative to other jurisdictions. One group felt that consideration given to tax base mobility should include equal consideration for the mobility of consumer spending due to tax burdens and cyclical economic circumstances.

The elimination of business subsidies was expected to have a positive impact on the deficit. It would lead to less public debt, and lower taxation, interest rates and required rates of return for investment.

Witnesses expressed mixed opinions on the recommended elimination of the preferential corporate income tax rate for profits from manufacturing and processing. One group said that it should be retained. Another agreed that the "bias" against service industries should be removed; their rates should match those of manufacturing. A third rejected the recommendation on the grounds that the existing rate is not a bias against service industries, but is a reflection of the

capital structures of each sector and the capital tax revenues generated from manufacturers.

Payroll Taxation

The FTC made three recommendations were made with respect to Ontario's payroll tax, introduced in 1990 as the employer health tax. The Commission wrote that the tax's graduated rate structure should be replaced with a uniform rate of tax based on all remuneration. Some witnesses opposed the proposed change, one on the grounds that it would result in an additional health tax burden on small businesses. One group supported the recommendation and two others suggested alternatives. The graduated structure could be replaced with a small business allowance set at \$400,000. Consideration could also be given to exempting the first \$10,000 of earned income.

Self-employed individuals and members of partnerships became subject to the employer health tax as of January 1, 1993. While the FTC accepted the rationale behind this extension, it felt there were problems associated with it and that a new method should be used to calculate the tax for these people. The methodology described in Recommendation 47 was opposed by one group of witnesses. A second group expressed concern that the new structure would be worse than the existing one. They argued that if the government intended to place a levy on individuals to help pay for health care, the payroll tax should be replaced by a levy on all health care users, not just the self-employed and owner-managers.

The FTC also called for seeking an agreement with the federal government to make payroll taxes fully deductible for corporate income tax purposes. This recommendation elicited one response of qualified support; the tax would also have to be frozen at current levels. One general comment suggested that the province reduce its reliance on the employer health tax.

The Role of Taxes in Protecting the Environment

Taxes raise revenues to pay for public services and to provide incentives to individuals and corporations to change their behaviour. Using this as a starting point, the FTC considered the role of taxes as policy instruments for environmental protection and specific environmental policy objectives and made a series of recommendations. (One group of witnesses expressed a preference for clear regulations as opposed to new tax measures.)

The FTC recommended that Ontario increase its reliance on tax-related economic instruments directed at pollution control. It also called for the establishment of taxes on substances selected from generally recognized pollutants or lists of pollutants. The Committee heard a request that there be no tax on crop protection materials. It also heard that more work needs to be done in this area with affected industries and other groups.

A number of witnesses responded to the recommended introduction of a carbon tax on fossil fuel energy inputs. Some did not favour the concept, while others expressed qualified support. Consultations with other levels of government and affected industries would be required. The tax would have to be revenue-neutral, with funds accruing back to the industry that paid them. Its introduction would have to be planned in a carefully measured way that took full account of potential economic implications. Fairness in the application of a carbon tax would depend on other FTC concepts. The example cited was the splitting of fuel and road use-related taxes into environmental damage and road damage components.

The suggestion of a new system of vehicle registration based on mileage, inspection results and other characteristics related to road use received three responses. One group asked that axle weight (squared or cubed) be included among the criteria on which the system would be based. Another told the Committee that registration fees should not be calculated on a mileage basis. A third said that the imposition of a mandatory inspection system would be a waste

of government money and a burden on business and society, given recent improvements in vehicle fuel efficiency, emissions and reliability.

Paying for Services: Property Taxes in a Fair Tax System

The tax issues which generated the most comments during the FTC's consultations were those related to local government finance. No section of the FTC's report generated more response at the Committee's hearings than that dealing with the funding of education from property taxes.

One of the FTC's principal recommendations was that the province should assume responsibility for the funding of education to a provincial standard. Funds would be allocated to school boards on the basis of per student costs and student needs, as well as community characteristics. Another recommendation was that local residential property tax should be replaced by provincial general revenues as the source of core funding. A third dealt with school boards and their ability to raise funds for local discretionary spending through a fixed percentage levy on the residential property tax base.

The appended summary and Hansard should be consulted for the full range of comments made to the Committee. The prospect of provincial funding was viewed with some favour; there was a sense that it would be fairer and ensure more consistency. The retention of some degree of local autonomy was a concern though, as was the definition of "a provincial standard." There was some agreement that education should be financed by a broader base of taxes, that too much reliance was placed on property taxes. The Committee also heard that there should not be a shift in funding from local to provincial taxes until a detailed inquiry has been undertaken. Further to a local levy on the residential property tax base, one group of witnesses said that full provincial funding was the only option that would eliminate "buck-passing" and "windows" through which to increase school board spending.

APPENDIX A

Summary of Responses to Fair Tax Commission Recommendations

SUMMARY OF RESPONSES TO FAIR TAX COMMISSION RECOMMENDATIONS

General

- The government should begin to implement the Fair Tax Commission's key recommendations with the knowledge that tax fairness will not only restore the integrity of the system. It also has the potential to expand tax revenues by equitably taxing those that can most afford to pay.
(OFL)
- The Commission stopped well short of addressing the overall burden of property tax on the business sector, its insensitivity to profits and its drag on economic development.
(CFIB)
- The Commission failed to address the key issue which is the overall level of taxation.
(OCC)

Improving Accountability in the Tax System

1.

- The secrecy surrounding the budget-making process should be reviewed with the aim of reducing it. The consultation process should be encouraged, and the background information should be publicly available. The government should also establish independent reviews of its expenditures by panels composed of a cross-section of the public (i.e. a fair expenditure commission).
(CIBC)

3.

- Add responsibility for assisting in the development of national and international standards for reporting.
(Informetrica)

- The establishment of a central agency will create another layer of thick middle management, make the province more lethargic, and increase business and consumer taxes.

(PGIB)

5.

- This proposal has far-reaching implications and must be further reviewed in terms of the differential impacts on individual and corporate taxpayers.

(ONGA)

7(e).

- The focus should be on provincial tax expenditures initially, not the provincial component of federal ones.

(Informetrica)

- This is a start, however, all revenues and expenditures should appear in an annual financial statement.

(PGIB)

Paying Other People's Taxes: Problems of Compliance

9.

- In its discussions with the federal government, the province should recommend that any taxation of employees on the personal benefit of business meals be accompanied by a return of the deduction of 100%.

(ORA)

- Businesses do not expend funds unless the purpose is to generate income with the reasonable expectation of earning a profit, as required under the *Income Tax Act*.

(ONGA)

10.

- The Commission discusses possible approaches to curbing the underground economy. One is to have customers withhold the tax payable on a renovation project. Another is to raise penalties and increase enforcement.

Neither will work. Customers are already withholding the tax from the government.

(OHBA)

10(a).

- The government should adopt the federal registration number as a single business registration number. Remittances should be harmonized within provincial government agencies and with the federal government in such a way that does not greatly interrupt cash flow for small businesses.

(ORA)

Strengthening Ontario's Role in Income Tax Policy

11.

- Any move to fragment personal income tax collection such that Ontarians would be exposed to a new layer of compliance costs and the threat of massive PIT hikes is opposed.

(CFIB)

13.

- A national forum for deciding taxation goals and strategies would encourage better coordination and use of taxation policies.

(ONGA)

Equality of Men and Women

14.

- The tax system should be gender neutral.

(ONGA)

The Role of the Tax System in Social Policy

18.

- A universal child tax credit should have been recommended.

(FWTAO)

21.

- The provincial and federal governments should actively pursue the necessary amendments to implement such a [child care] program.

(FWTAO)

- Support is contingent on the premise that the revenue recovered is adequate to provide for quality, non-parental child care services. If the premise is incorrect, consideration should be given to either enhancing expense limits or allowing the cost of child care as an operating expense of a medical practice.

(OMA)

26.

- If contribution limits are frozen at current levels, the prejudice against taxpayers who are only able to save for their retirement through RRSPs will remain.

(OMA)

- This recommendation is opposed.

(BTMT)

27.

- Adoption of this proposal would be extremely inequitable given that withdrawals are included in income and subject to tax at the relevant marginal tax rates. Doctors should be allowed to treat RRSPs as tax credits, not deductions from income.

(OMA)

- Retirement plans are a vitally important source of savings for the economy and support government borrowing. Moreover, changes in taxation plans in recent years have implemented long-needed pension reforms. To back track now would constitute a major policy failure. It must be noted that RRSPs provide pension coverage for persons not covered by registered pension plans.

(ONGA)

Taxation of Dividends and Capital Costs

- Any modifications in tax policy that impact on levels of saving and investment should not be implemented without the widest possible public debate at the national level.

(CFIB)

28.

- Is it feasible to define the credit based on actual corporate taxes paid in that period or over the last several years?

(Informetrica)

- This recommendation is opposed.

(BTMT)

- The dividend tax credit has been thoroughly reviewed and adjusted to make it less generous. Any further reduction in the credit would reduce the supply of risk capital.

(ONGA)

29.

- Eliminating the capital gains exemption will only eliminate incentives and penalize success.

(PGIB)

- This recommendation is opposed.

(BTMT)

30.

- It is critical that governments preserve the \$500,000 capital gains exemption to help finance the growth of small and medium-sized businesses who operate in an increasingly hostile and competitive environment.

(CFIB)

- There should be a flat tax on a percentage basis for individuals and corporations.

(PGIB)

- The \$500,000 capital gains exemption now available for qualified farm property should not be eliminated.

(OFA)

- This recommendation is opposed.

(BTMT)

The Income Tax Rate

31.

- Increasing the number of tax brackets and increasing the top bracket to a 60% figure will only exacerbate the conditions that have resulted in the growth of the underground economy and lead to a renewed focus on "avoidance schemes."

(OMA)

- There is support for this recommendation.

(FWTAO)

- When the federal reforms broadened the personal income tax base and lowered marginal rates, the provincial governments moved in and raised rates and imposed surtaxes. To adopt the Commission's proposal would negate progress achieved in the 1980s.

(ONGA)

Taxation of Wealth

32.

- Wealth taxes are not significant sources of revenues. They have the potential of being unfairly confiscatory.

(CFIB)

- Ontario should implement a wealth transfer (inheritance) tax, while at the same time seeking the cooperation of the federal and other provincial

governments to generalize the use of this type of tax across the nation, with the goal of rendering the taxation system more progressive.

(OSSTF)

- There is opposition, on principle alone, to the introduction of a wealth transfer tax.

(OMA)

- This recommendation will not generate additional revenue for the government. It will drive the wealthy out of the province.

(PGIB)

- A wealth transfer tax on farm properties should not be introduced.

(OFA)

- This recommendation is opposed.

(BTMT)

Corporation Taxation in a Fair Tax System

34.

- Ontario should maintain its effective rates on business at approximately their current levels relative to other jurisdictions.

(OTA)

- This recommendation is supported.

(MVMA, BTMT)

- Tax rates must be monitored to ensure that Ontario's taxes are not discouraging business activity in the province relative to other jurisdictions.

(ONGA)

35.

- Any consideration given to the potential for tax base mobility should also include equal consideration for mobility of consumer spending based on

the tax burden and the cyclical economic nature of the tourism and hospitality industry.

(ORA)

38.

- A national forum for deciding taxation goals and strategies would encourage better coordination and use of taxation policies.

(ONGA)

39.

- The elimination of business subsidies would have a significant impact on the deficit. It would lead to less government debt, lower taxation, lower interest rates, and a lower required rate of return for business investment.

(PGIB)

40.

- The bias in corporate income tax against income in the service industries should be removed. In the interests of competitiveness of the provincial manufacturing base, the service sector rates and preferences should be changed to match those of manufacturing, rather than vice versa.

(OTA)

- This recommendation should be rejected. The lower income tax for manufacturing industries is not a bias against service industry income. It is a reflection of the capital structure of each sector and the greater tax revenues generated from the capital tax on manufacturers.

(OFIA)

- The current manufacturing and processing profits credit should be retained.

(MVMA)

Taxation of Small Business and Cooperatives

41.

- The Ontario government should maintain a tax rate lower than the general corporate tax rate for the first \$200,000 of small business income.

(ORA)

42.

- Ontario must retain the exemption and graduated set flat rates for the Ontario capital tax in its current form and move away from asset taxes and toward ability-to-pay taxes.

(ORA)

44.

- If these enterprises are to be operated as cooperatives, there will be no true specialization in the workplace. If we are not highly specialized, we will never be competitive in the global market.

(PGIB)

Payroll Taxation

46.

- Consideration should be given to exempting the first \$10,000 of earned income. This will increase [progressivity] and reduce the barriers to adding employees.

(Informetrica)

- The proposal to eliminate the graduated rate structure with a uniform rate will only result in an additional employer health tax burden on small business owners.

(OMA)

- The government should maintain the graduated rate structure for its existing payroll tax.

(ORA)

- The government should replace the graduated rate structure with a small business allowance set at the level of \$400,000.

(CFIB)

- The province should reduce its reliance on the employee health tax.

(CIBC)

- The schedule of rates for the employer health tax should not be replaced with a single, uniform rate.

(OFA)

47.

- There is no support for a new method of calculating the employer health tax on the incomes of owner-managers and self-employed individuals.

(OFA)

- The new method of calculating remuneration for owner-managers and self-employed individuals is highly theoretical and would appear to be even worse than the existing approach. If the government intends to place a levy on individuals to help pay for health care, then, in lieu of the payroll tax, it should do so for everyone, not just self-employed people and owner-managers of corporations.

(CFIB)

48.

- The government should freeze the employer health tax at current levels and seek the agreement of the federal government to make payroll taxes fully deductible for income tax purposes.

(ORA)

- A national forum for deciding taxation goals and strategies would encourage better coordination and use of taxation policies.

(ONGA)

Resource Taxation

49.

- This proposal could be acceptable in principle, providing a number of matters are dealt with in a reasonable and equitable manner.

(OMI)

- The report discusses mine site rehabilitation. It suggests one possible solution, the establishment of reclamation funds. Mining companies would deposit the estimated costs of future reclamation over the life of a mine into a fund. It could be well accommodated under a cash-flow tax as opposed to the current mining tax. This is supported and should be

adopted by the Minister of Finance as soon as possible, whether or not a cash-flow tax is adopted.

(OMI)

50.

- If the deduction for mining taxes is to be capped under the report's proposals, it would seem appropriate to revisit the manner in which mineral processing profits should be taxed in Ontario.

(OMI)

51.

- Under the proposed mining tax based on cash-flow and in order to be consistent with the concept of what the mining tax was intended to represent, processing profits should not be subject to mining tax. If this is not done, operators will have to decide whether or not they are better off transferring their processing activities to a separate company in order to minimize their mining tax. The alternative is to continue with some form of arbitrary processing allowance.

(OMI)

54.

- This recommendation should be rejected. The Commission noted that forest management agreements are a serious institutional obstacle to the use of auctions and thereby reveal a serious flaw in their approach. In its efforts to enhance Ontario's ability to raise revenue, the Commission has forgotten that tax policy is simply an instrument in resource management, it is not an objective to which other policies should defer. The goal is sustainable forestry.

(OFIA)

55.

- While there is agreement with this recommendation, there is concern with the Commission's assessment that "Investment in regeneration is more attractive to government than to private operators."

(OFIA)

56.

- This recommendation should be rejected and revised. The OFIA supports the concept of user-pay, but this concept must be extended to all users, not just the forest industry.

(OFIA)

Retail Sales Tax

- In light of the new political landscape for sales tax reform, the priority of the Ontario government must be to enter into discussions with the federal government and the other provinces to determine which GST simplification options are politically feasible.

(CFIB)

- The government should adopt the Commission's recommendations on retail sales tax changes.

(OFA)

57.

- Businesses will not be able to afford the taxes they will have to pay on goods and services. There will be less money available to expand, improve and create new jobs. Consumer spending will be curbed, while the underground economy will grow and cross-border shopping increase.

(PGIB)

- If health care services are considered exempt, the province should change the categorization and classify medical services as zero-rated to allow doctors to claim input tax credits.

(OMA)

- The RST should not be expanded. Consideration should be given to progressive alternatives to the existing RST which increase the capacity of the personal income tax system to address income disparities.

(OPHA)

- Any extension of the base of the provincial retail sales tax should be accompanied by a reduction in the rate of the tax and result in revenue neutrality.

(ORA)

- This recommendation is endorsed.

(MVMA)

58.

- While there is support for this recommendation, as an immediate measure, the extensions of the retail sales tax contained in the 1993 Ontario budget (auto insurance, group benefits and warranty repairs) should be dropped.

(OTA)

- PST input credits should be introduced for all Ontario businesses including the hospitality industry. The government should ensure that the licensee gallonage tax is treated the same way as a PST input credit.

(ORA)

- This recommendation is endorsed.

(MVMA)

59.

- Reduced consumer and business spending will lower tax revenues and defeat the purpose of a multi-stage tax.

(PGIB)

60.

- There is support for a uniform approach to harmonizing provincial retail sales taxes with the GST. Ontario should negotiate a uniform national sales tax system on the GST model, with transportation services zero-rated.

(OTA)

- Depending upon the future of the GST (and the nature of its replacement), the government should heed the Commission's advice and find some way to harmonize its tax system. A broader tax base for the GST would permit a lower tax rate and so moderate the impact on the underground economy. Equity considerations should be addressed through the personal income tax system.

(CIBC)

- If Ontario harmonizes the RST with the GST, the government should consider allowing doctors to receive GST input tax credits like those hospitals are now entitled to receive.

(OMA)

- Consider no zero-rated items and no exemptions. This will greatly simplify the system, allow a lower rate and minimize distortions. All purchases by all governments should be taxable. If desired, separate accounting adjustments can be made between government, and, indeed, between governments and non-government organizations (NGOs).

(Informetrica)

- There is opposition to the taxation of financial services and prepared foods purchased in convenience and grocery stores.

(PGIB)

- The Ontario government should harmonize the RST with the GST.

(CMA, MVMA)

- The government should at least extend its RST tax base to include ready-to-heat meals and strive for the equal tax treatment of all food.

(ORA)

- The government should act immediately to harmonize the provincial sales tax with the GST. This would significantly reduce paperwork and the cost of compliance for taxpayers.

(OCC)

- This recommendation will simplify compliance, collection and administrative costs for both businesses and government. It will enhance Ontario's export competitiveness, reduce cross-border shopping and encourage higher savings rates. It might also provide the opportunity to introduce a fairer and more acceptable means of financing public education.

(BTMT)

The Role of Taxes in Protecting the Environment

- There is a preference for clear regulations over new tax measures.

(CFIB)

63.

- There should be no tax on crop protection materials.

(OFA)

- The government should consider requiring an annual tune-up as a condition for the renewal of a vehicle's licence.

(CIBC)

- More work needs to be done in this area with affected industries and other groups to target and coordinate tax and regulatory activities.

(ONGA)

64.

- Provincial efforts to reduce CO₂ through taxes should be coordinated with the federal government and other provinces, or left to the federal government. CO₂ is a global issue, and the responses should be multi-national. Discharges affecting the local and provincial environment should be the focus of tax measures and other programs.

(Informetrica)

- The unilateral imposition of a carbon tax is not favoured. Such a tax would be have to be revenue neutral, with all funds accruing back to the industry that paid them.

(OTA)

- The introduction of a carbon tax is not supported.

(OFA)

- Any tax measures which influence the prices of these fuels must be introduced in a carefully measured way that takes full account of potential economic implications at every step. Increasing the tax on gasoline is the first step towards a full blown carbon tax. A carbon tax study should be commissioned by the province to improve public awareness and develop appropriate recommendations for North American, Canadian and Ontario implementation strategies.

(MVMA)

- Whether "fairness" would be achieved with prudent application of a carbon tax depends on the extent to which it overlaps with application of another

Commission concept. This is the approach that in effect splits fuel and road use-related taxes into environmental damage and road damage components. It is not clear at this time whether one inequality might be replaced by another.

(CP)

65.

- The off-road motor fuel rebate now received by farmers should not be eliminated.

(OFA)

- An increase of half a cent per litre (3.4%) in the gasoline tax would yield an additional \$60 million of revenue for the provincial treasury.

(MVMA)

66.

- The Tax for Fuel Conservation should not be extended to include light trucks and vans.

(OFA)

- Recognition must continue to be accorded alternate fuel vehicles, such as NGV, that offer energy efficiency and environmental benefits.

(ONGA)

67.

- Include axle weight (squared or cubed) among the criteria.

(Informetrica)

- Vehicle registration fees should not be calculated on a mileage basis.

(OFA)

- Given the dramatic improvements in vehicle fuel efficiency, emissions and reliability in recent years, it would be a waste of government money and an enormously costly burden on business and society to impose a mandatory vehicle inspection system. Funds derived from transportation vehicle fees and fuel taxes already exceed the costs of maintaining the

transportation infrastructure. Business, including Ontario's large tourism industry, would suffer from such proposed taxes.

(ONGA)

Environmental Charges for Water and Sewer Services and Solid Waste

69.

- Do not try to deliver social assistance through differential user charges. Charge the same to everyone and adjust social assistance payments to cover average needs. Also ensure that there is a regulatory mechanism in place for user charges, or a competitive environment to avoid monopoly pricing

(Informetrica)

- This recommendation is supported.

(BTMT)

70.

- Environmental taxes should remain neutral and only introduced to change behaviour and not as a new source of tax revenue.

(ORA)

- This recommendation is supported.

(BTMT)

- All sectors should be treated equally with respect to the solid waste they produce.

(CFIB)

71.

- It is very important to avoid making charges that are so complicated to administer and enforce that they prove unworkable and costly. Measures must be subject to clear justification of costs and benefits and practicality.

(ONGA)

- Prior to any action on deposit systems for packaging of food and beverage containers, the Ministry of the Environment should conduct a full consultative process involving all stakeholders to examine environmental and economic impacts as well as administrative burden.

(ORA)

Paying for Services: Property Taxes in a Fair Tax System

- Prior to the implementation of any of the Fair Tax Commission's recommendations regarding local finance reform, there should be a provincial-local impact analysis committee comprised of representatives from municipalities, school boards, and key provincial ministries.

(OPSBA)

- All of the financial requirements of "people services" should be removed from the property tax. The Commission's proposal is good to a point, but if its recommendations are based on fairness principles, then all financing requirements for these services should be lifted from municipal responsibility.

(OFA)

- Because the right to tax is an important protection against less benign provincial governments, it should not be eliminated.

(OSSTA)

- There should be no massive shift of the education burden onto personal income tax alone. Personal and corporate income tax revenue should both be sources of increased funding as the government increases its share of local educational expenditure to 60%.

(OSSTF)

- Difficult issues like property tax and education finance reform must be faced with tenacity and imagination.

(OTF)

74.

- There needs to be some local discretion in funding education. Local needs do vary across the province and this should be recognized.

(FWTAO)

- Since this and previous governments have had a poor record of acknowledging what it really costs to educate a student in Ontario, it is feared that the "provincial standard" referred to in this recommendation will be inadequate.

(FWTAO)

- There is support for any direction by the government which will ensure equity of finance for all students in Ontario.

(OECTA)

- School boards should establish a set of common education and social goals.

(PGIB)

75.

- Income taxes are more reflective of a person's ability to pay.

(PGIB)

- Shifting the taxing authority from the municipal to the provincial level is not tax reform; it is simply a change in administration.

(OFA)

- Support is premised on the understanding that the new provincial tax will be on non-residential assessment and that tax revenues will be distributed among school boards in accordance with the three basic principles discussed in the Commission's report.

(OSSTA)

- Too much reliance is placed on the property tax for education costs. The present grant system is only fair if the government's share is much higher.

(FWTAO)

- The government should not eliminate property tax as a source of support for elementary and secondary education. However, education finance should be reformed so that the major share of elementary and secondary school per pupil expenditures is paid from general provincial revenues rather than from property tax.

(OPSTF)

- There is agreement with the Commission's argument that the education system should be financed from a broad (i.e. provincial) tax base. However, there should be no shift between local property taxes and provincial taxes for the funding of public education until a detailed inquiry into education costs is undertaken. This support is subject to other caveats.

(BTMT)

- The removal of the education component of the residential property tax presents a unique opportunity to introduce a uniform and up-to-date property tax assessment system throughout the province.

(BTMT)

- This recommendation cannot be supported.

(OPSBA)

75. & 76.

- The initial reaction to recommendations 75 and 76 is one of concern given a history of inadequate provincial funding.

(FWTAO)

76.

- This recommendation cannot be supported.

(OPSBA)

- The Ministry of Finance should undertake a formal and comprehensive consultation on the implementation of the proposed property tax reform.

(ORA)

- How will this funding be replaced?

(PGIB)

- The government should not limit the portion of local education funding which can come from local property taxes. The tax structure should be straightforward and intelligible.

(CIBC)

- The local levy on residential property assessment for education purposes should not be restricted to over-the-ceiling expenditure.

(OSSTF)

- The local levy for residential assessments for educational purposes should be maintained.

(OSSTF)

- This recommendation cannot be supported.

(OPSBA)

- There is support for limiting the ability of school boards to tax, provided that the residential assessment base of school boards is equalized and provided that the system for designating school support is reformed.

(OSSTA)

- As the Commission's recommendations are interpreted, the ability to raise additional funds at the local level for education will be severely restricted even if the government would fund education to a greater extent.

(FWTAO)

- The Commission is attempting to de-emphasize the problem of unconstrained spending by making it less prominent on the local tax bill and then allowing boards to move from "baseline zero" through added levies.

(PGIB)

- The Commission does not recommend any change in current practice with respect to designation of school support for the local levy. This is unfair in that all education taxes on residential assessment will continue to be directed to the public system unless a declaration to the contrary is made. A better method would be to have all ratepayers declare their school board of choice, as per constitutional entitlement, and that any taxes collected on

undeclared properties be pooled and distributed on a per pupil basis to co-terminus boards.

(OECTA)

- Past experience in Quebec shows that permitting school boards to have continued access to the residential property tax base will lead to increases in the provincial ceiling as the provincial government will be provided a "window" to offload program costs. School boards will be provided with a convenient "window" through which to increase spending. Only 100% provincial funding will eliminate opportunities for "buck-passing."

(BTMT)

79(a).

- Deterrents will have to be put into place to prevent municipal governments from moving into the "tax room" created by the removal of education from the residential property tax.

(BTMT)

79(b).

- This appears to be a fair approach. The contingency fund should also be fully disclosed and a clear statement of long-term indebtedness should be prepared for each municipality.

(PGIB)

81.

- The public has proven itself committed to making the blue box proposition work but needs more assurance from the government that what goes in will be completely used.

(PGIB)

A New Basis for Property Taxation

82.

- The unit value assessment (UVA) is objectionable because productive farm assets designated to the commercial/industrial assessment base, as proposed by the Commission, will carry a higher assessment value relative to productive use value and would be subject to the higher mill rates as are commercial and industrial properties. Farm residential properties assessed under UVA will have a higher value as the one acre of land included in

the residential assessment would be classified as non-farm residential instead of reflecting productive use value.

(OFA)

- By rejecting the more straightforward, simpler method of pure unit assessment, the assessment system will continue to be highly subjective and costly to administer.

(OTP)

- The Commission has proposed a new assessment system combining unit assessment and rental value. It is essential to move forward quickly on studies of this system to show how it would work in practice.

(Toronto)

- While conceptually supportive of the arguments in favour of unit value/rental value assessment, no final decision has been made on its viability and practicality as an alternative to market value reassessment. The particular choice of assessment methodologies is less important than the achievement of a uniform, province-wide assessment system for both residential and non-residential properties, and the impact of provincial assumption of public education finance will greatly outweigh that of any particular assessment methodology.

(BTMT)

85.

- The assessment must be changed to eliminate the distortions in retail shopping complexes where below-market costs for anchor space are translated to the taxation system at the expense of the small tenants.

(CFIB)

86.

- This approach could stabilize the rail property tax situation. Whether it would bring any relief would depend on the rate established.

(CP)

- The present system of assessment of natural gas pipelines is proven and accepted by both the industry and government.

(ONGA)

Municipal Taxation Policy

91.

- An upper limit must also be included to deter municipalities from depending too heavily (possibly even entirely if a municipality could meet its budgetary requirement from commercial/industrial taxes at the minimum rate) on the business sector.

(BTMT)

94.

- The Commission recommends the abolition of the business tax and permitting municipalities to recover foregone revenue through realty taxes. This is the appropriate direction in which to move.

(Toronto)

- The true elimination of the business occupancy tax is welcomed. Unfortunately, allowing municipalities to make up lost revenues from other sources renders the proposal virtually meaningless.

(CFIB)

97.

- The federal government should be encouraged to adopt the same principle for payments in lieu of local and provincial property taxes.

(Informetrica)

103.

- This recommendation would significantly reduce the financial viability of homes for the aged which are already under seige. It will mean having to charge residents and tenants more to cover this new cost item. Since many of the seniors who use these services are on fixed incomes, they will have to face reduced services.

(OANH)

- It is believed that most Ontarians would support the continued tax exempt status of charitable organizations and churches. This recommendation and 104. should be rejected.

(OSSTA)

108.

- The former Ministry of Revenue reviewed this issue. While the report was not made public, it is believed that the conclusion was that this was a non-issue and that there was not enough equipment underground to make it worth assessing and taxing.

(OMI)

Making the Local Financial System Work Better*114.*

- This recommendation and the rationale behind it are fully supported.
- If school construction is to be entirely funded from provincial sources, the need for education development charges would disappear. This change is supported.

(OHBA)

(OSSTA)

Provincial Property Taxation*115.*

- Such major reform at this time would be extremely disruptive and would raise concerns over large windfall gains and losses.
- The Commission recommends that the province take over commercial/industrial property taxes for schools. This practice is generally referred to as "pooling." While it may not be necessary to go that far, the key requirement is that wherever a business locates, it should pay the same tax rate for education. If that is the case, perhaps the revenues can be let in the localities where they are raised.

(ONGA)

(Toronto)

- The province should not implement the pooling of commercial and industrial assessment.

(OSSTF)

- The creation of a provincial commercial and industrial property tax would constitute something of a provincial "invasion" into a tax field usually

viewed as the exclusive prerogative of municipal governments. However, once an assessment base and a uniform, province-wide tax rate has been established, the revenues could just as easily be directed to the local school board as to the province. Individual businesses would be indifferent to the actual destination.

(BTMT)

118(b).

- The Farm Property Tax Rebate Program should be continued until genuine property tax reform eliminates the need for this administrative mechanism.

(OFA)

Reducing Reliance on Regressive Taxes

- The government should move to a single tax system for income. It would replace graduated or progressive rates with a single rate applicable to both businesses and individuals. It would treat all income sources in the same manner and would be simple to calculate and less costly to administer.

(OTP)

121.

- Given Canada's high foreign debt to GDP ratio and high unemployment, an increased reliance on the personal income tax base could be self-defeating.

(RBC)

- This recommendation is not supported.

(BTMT)

122.

- This recommendation cannot be supported.

(OPSBA)

123.

- This recommendation cannot be supported.

(OPSBA)

Implementation and Transition

129.

- There is support for the rationale for a transitional period described in the Commission's working group report on property tax.

(OSSTA)

Others

- The province should consider the Council of Ontario Universities proposal for guaranteed Ontario assistance loans for students as a means to increasing the fairness of the tax system.

(CIBC)

WITNESSES

The following organizations responded to the recommendations found in the Fair Tax Commission's report, *Fair Taxation in a Changing World*, during the Standing Committee on Finance and Economic Affairs' 1994 pre-budget consultation.

Abbreviation	Organization/Individual	Date of Appearance
BTMT	Board of Trade of Metropolitan Toronto	31 January 1994
CFIB	Canadian Federation of Independent Business	31 January 1994
CIBC	Canadian Imperial Bank of Commerce	27 January 1994
CMA	Canadian Manufacturers' Association	26 January 1994
CP	CP Rail System	
FWTAO	Federation of Women Teachers' Associations of Ontario	26 January 1994
Informetrica	Informetrica Limited	20 January 1994
MVMA	Motor Vehicle Manufacturers' Association	27 January 1994
OANH	Ontario Association of Non- Profit Homes and Services for Seniors	31 January 1994
OCC	Ontario Chamber of Commerce	20 January 1994
OECTA	Ontario English Catholic Teachers Association	1 February 1994
OFA	Ontario Federation of Agriculture	1 February 1994

Abbreviation	Organization/Individual	Date of Appearance
OFIA	Ontario Forest Industries Association	26 January 1994
OFL	Ontario Federation of Labour	31 January 1994
OHBA	Ontario Home Builders' Association	25 January 1994
OMA	Ontario Medical Association	25 January 1994
OMI	Ontario Mining Association	1 February 1994
ONGA	Ontario Natural Gas Association	25 January 1994
OPHA	Ontario Public Health Association	27 January 1994
OPSBA	Ontario Public School Boards' Association	27 January 1994
OPSTF	Ontario Public School Teachers' Association	1 February 1994
ORA	Ontario Restaurant Association	25 January 1994
OSSTA	Ontario Separate School Trustees' Association	1 February 1994
OSSTF	Ontario Secondary School Teachers' Federation	27 January 1994
OTA	Ontario Trucking Association	26 January 1994
OTF	Ontario Teachers' Federation	25 January 1994
OTP	Ontario Taxpayers Federation	25 January 1994
PGIB	Progressive Group for Independent Business	20 January 1994
RBC	Royal Bank of Canada	25 January 1994
Toronto	City of Toronto	20 January 1994

APPENDIX B

Fair Tax Commission Recommendations

Source: Ontario Fair Tax Commission, *Fair Taxation in a Changing World: Highlights* (Toronto: The Commission, 1993).



APPENDIX A

RECOMMENDATIONS

Improving Accountability in the Tax System

- 1 Ontario should apply the rule of budget secrecy only to the details of tax changes that might enable an individual to derive financial gain through prior knowledge.
In general, the process of budget policy making should be carried out under the same restrictions as those applicable to other policy questions requiring cabinet decisions.

- 2 Public multi-group presentations to, and discussions with, the provincial minister of finance should be a regular part of the Ontario tax policy process and form the basis of Ontario's budget considerations. The list of participants and any formal presentations made in such discussions should be made public by the minister.

- 3 Ontario should establish a central agency responsible for:

- maintaining all government databases related to provincial or local public finance,
- ensuring consistency and comparability of those databases, and
- publishing information about public finance in Ontario.

Access to provincial data sources should be provided to outside researchers and the public, subject to the personal privacy provisions of the Access to Information Act and any federal/provincial agreements with respect to confidentiality.

- 4 Programs should be delivered through the tax system only if they satisfy the following criteria:

- a) The rules for determining eligibility for the subsidy are so simple and easy to apply that application for the subsidy can be built into a tax-filing process based on self-assessment by taxpayers.
- b) The program can be administered effectively by the Ministry of Finance rather than the government department normally responsible for the policy area.
- c) There is a high degree of certainty the program will not be abused.
- d) It is appropriate for the subsidy to be delivered on an infrequent basis in conjunction with the filing of tax returns and the payment of tax refunds.
- e) Where monitoring and auditing are considered necessary, appropriate provisions are built into the design of the program.
- f) The potential for costs to escalate in an open-ended program can be addressed effectively in the design of the tax expenditure program.
- g) The tax expenditure program can be designed so that it does not affect the operation of the general rules governing the tax system.

If there is doubt as to whether a program should be delivered directly or through the tax system, it should be delivered directly.

- 5 To ensure that the benefits from tax expenditures in the income tax system do not increase with income, tax expenditures should be delivered in the form of a tax credit rather than a tax deduction.

To ensure that tax expenditures are fully equivalent to grants, they should generally be taxable. They should also generally be refundable and therefore paid whether or not the taxpayer has taxable income.

- 6 All tax expenditures should be dealt with in the government's budget-making process in the same way as direct spending programs designed to achieve the same objectives.
- Information on tax expenditures should be made available to pre-budget roundtables and consultations.
 - The relevant government department should be involved in the design and review of each tax expenditure program.
- 7
- Tax expenditure programs should be monitored to ensure that they continue to satisfy criteria for delivery through the tax system as opposed to the direct expenditure system.
 - Ontario should include tax expenditures in annual program reviews. In addition, tax expenditures should be subject to periodic in-depth evaluations on a rotating basis on the same basis as expenditure programs.
 - Legislation should be introduced to expand the authority of the provincial auditor to audit tax expenditures on a basis that mirrors the process for direct expenditures.
 - Corporations should be required to disclose the benefits received from all tax expenditure provisions in the same way that benefits received from direct spending programs are disclosed.
 - Ontario should publish an annual tax expenditure account. This account should include:
 - the objectives of each tax expenditure;
 - its statutory basis;
 - an estimate of revenue forgone;
 - a description of the relationship between the tax expenditure and corresponding direct expenditure programs; and
 - summary tables showing the distribution of benefits from the tax expenditure among different categories of beneficiaries.

The purpose of the account is to draw attention to tax expenditures and encourage analysis of whether policy objectives are being met or whether other approaches would be more effective and efficient.

- 8 Ontario should earmark taxes for specific government programs only where:
- the benefits from the service can be attributed to individuals;
 - redistribution is not an objective in providing the service;
 - public policy does not require that the service be provided as a right;
 - efficiency and public accountability would be enhanced; and
 - there is a clear relationship between the earmarked fee or tax and the service to be funded.

Ontario should not create the impression that taxes are earmarked by using names that describe an expenditure program rather than the base of the tax. Ontario should therefore change the name of its Employer Health Tax.

Paying Other People's Taxes: Problems of Compliance

- 9 Ontario should seek the agreement of the federal government to establish and strictly enforce rules applicable to corporate expenditures which provide employees with personal benefits such as meals expenditures. Where possible, the personal element of such expenditures should be attributed as income to those who derive the private benefit.

Where it is not practical to attribute benefit to individuals, the corresponding deductions by the business incurring the expense should be limited.

The same limits should apply to business expense deductions, whether they are claimed by a corporation or by an individual claiming deductions from income from self-employment.

Ontario should seek the agreement of the federal government to disallow any deduction for business entertainment.

- 10 Ontario should improve compliance by:
- simplifying rules and administrative procedures to make compliance with tax laws easier for taxpayers;
 - increasing rates of audit and penalties to increase the risk associated with non-compliance;
 - making the public aware of the enforcement of tax compliance;
 - improving cooperation among tax authorities within the provincial government and among levels of government to enforce tax compliance;

- e) emphasizing cooperative efforts with other levels of government in identifying underground economic activities; and
- f) devising special enforcement, reporting, and withholding requirements to address compliance problems in particular areas of the underground economy.

Strengthening Ontario's Role in Income Tax Policy

- 11** Ontario should seek amendments to the federal-provincial Tax Collection Agreements that permit it to:
 - a) levy its tax directly on the income base rather than the "tax-on-tax" arrangement currently in place;
 - b) determine the number of income tax brackets and the rates applicable to them independently of the federal government; and
 - c) define and determine the value of its own tax credits independently of the federal government.
- 12** Ontario should seek amendments to the federal-provincial Tax Collection Agreements that allow both levels of government to determine tax expenditures independently by:
 - a) ensuring they are in the form of tax credits rather than deductions, exemptions, or exclusions from the base; and/or
 - b) empowering the provincial government to define an "adjusted income" base that would enable it to add items back into its base that the federal government chooses to exclude.
- 13** Ontario should seek amendments to the federal-provincial Tax Collection Agreements that give it a role in income tax policy and administration by:
 - a) providing for direct input by the provincial government into the audit and enforcement activities of the federal government involving Ontario taxpayers; and
 - b) institutionalizing formal consultation in advance of any federal decision affecting the definition of the income tax base.

Equality of Women and Men

- 14** To continue the recognition in the tax system of the economic independence of men and women, the individual should be retained as the unit of taxation in both the federal and provincial income tax systems.
- 15** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the marital credit and redirect the funds through a reformed credit system.
- 16** Ontario should seek the agreement of the federal government to abolish the deduction for child support and alimony payments in the personal income tax. These payments should not be taxable in the hands of the recipient.

The Role of the Tax System in Social Policy

- 17** Ontario should consolidate the adult components of the Ontario property and sales tax credits and the Ontario Tax Reduction program into a new and simplified Ontario Tax Assistance Credit. The credit should be refundable, delivering its maximum benefit to adults below a specified family income level and declining as income rises.
- 18** The current system of tax-delivered assistance to families with children through the Ontario Tax Reduction and the sales tax credit should be rationalized into an Ontario child tax credit. The credit would be refundable and provide a declining benefit as family income rises.
- 19** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, the equivalent-to-married credit should be eliminated and replaced with a supplement to the child tax credit that would provide benefits to single parent families.
- 20** If Ontario establishes an income-tested child benefit program which provides benefits to low-income fami-

lies regardless of the source of their income, Ontario should not implement the child tax credit proposed in recommendation 18. The assistance to families with children currently delivered through the tax system, through the Ontario Tax Reduction and the sales tax credit, should be eliminated and the additional revenue used to augment the benefits delivered under the child benefit program.

- 21** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the child care expense deduction and use the revenue recovered in direct program spending for child care.
- 22** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the disability tax credit and replace it with a flat rate, taxable benefit payable to all persons with disabilities.
- 23** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the credit for disability-related medical expenses and the deduction for attendant care. In their place, Ontario should establish a program outside the tax system to subsidize the cost of attendant care or medical expenses for persons with a disability.
- 24** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the age tax credit and replace it with a seniors tax credit. This credit should be refundable and provide a declining benefit as family income rises.
- 25** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should eliminate the pension income credit. The revenue recovered by eliminating this credit should be used to increase the value of the seniors tax credit.
- 26** The maximum retirement benefit eligible for tax assistance through the deduction for contributions to registered pension plans and Registered Retirement Savings Plans in the personal income tax and the deduction of contributions in the corporate income tax is currently 2.5 times the average industrial wage. Ontario should seek the agreement of the federal government to reduce this limit to 1.5. This lower limit should be phased in by freezing the pension maximum and corresponding contribution limits at current levels until the maximum pension and corresponding limits are equivalent to 1.5 times the average industrial wage. Thereafter, contribution limits should be indexed to maintain the ratio.
- 27** Ontario should seek the agreement of the federal government to convert the deductions for contributions to registered pension plans and RRSPPs in the personal income tax and corporate income tax to tax credits. Withdrawals from plans should continue to be taxed as ordinary income.

Taxation of Dividends and Capital Gains

- 28** Ontario should discuss with the federal government the effectiveness and fairness of the dividend tax credit with a view to eliminating or restructuring the credit, subject to appropriate measures to ensure that small business income is subject to the same amount of tax whether it is earned directly through self-employment or a partnership, or indirectly through a Canadian-controlled private corporation.
- 29** Ontario should seek the agreement of the federal government to end the exclusion of 25 per cent of capital gains from taxable income. Similarly, all capital gains should be included in corporate income for corporate income tax purposes.
- 30** Ontario should seek the agreement of the federal government to abolish both the \$100,000 general lifetime exemption for capital gains and the special \$500,000 lifetime exemptions for farming and small business assets. If the federal government does not agree to make the changes at the federal level, Ontario should make the changes in the Ontario income tax.

The Income Tax Rate

- 31** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, Ontario should adopt a personal income tax rate schedule with the following features:

- a basic personal credit determined by multiplying the lowest Ontario personal income tax rate by the basic personal amount in the federal personal income tax;
- a rate schedule that is graduated over the middle-income range;
- a top marginal rate which would result in a combined federal/provincial top marginal rate of no more than 60 per cent and which would apply to annual taxable income in excess of \$250,000; and
- no more than 10 tax brackets.

Taxation of Wealth

- 32** Ontario should seek the agreement of the federal government and the other provinces to establish a national wealth transfer tax. This tax should be fully comprehensive and should apply to gifts as well as transfers at death. The tax should exempt spousal transfers. It should have a generous exemption level but should contain no credit for capital gains taxes on deemed dispositions.
- 33** If a wealth transfer tax is implemented which generates additional revenue for the Government of Ontario, Ontario's probate fee should be levied as a user fee at a flat rate, rather than as a percentage of the estate.

Corporate Taxation in a Fair Tax System

- 34** Ontario should maintain effective rates of tax on business at approximately their current levels relative to other jurisdictions, given the evidence with respect to:
- effective tax rates in competing jurisdictions,
 - the impact of effective tax rates on business location decisions, and
 - the shifting of corporate taxes to employees, consumers, and investors.
- 35** It would be desirable in principle to change the composition of taxes on business by increasing taxes based on profitability and decreasing taxes that are not sensitive to profit. However, the fact that the corporate income tax base can move from country to country in response to statutory tax rate differentials means that it is unlikely that increased revenue could be raised through higher corporate income tax rates. The Ontario government should consider the potential for tax base mobility when setting corporate income tax rates.
- 36** Ontario should seek agreements with the federal and provincial governments to minimize interprovincial tax competition. Agreements should provide for such measures as:
- consolidated taxation in which the tax-paying unit would include all the Canadian members of a corporate group; and
 - minimum provincial corporate tax rates.
- 37** National and subnational jurisdictions face constraints in their ability to tax the income of multinational corporations. While respecting those constraints in establishing its own policy, Ontario should urge the federal government to play an active role in promoting initiatives, such as international tax agreements, to ensure that the income of multinational corporations is taxed fairly.
- 38** Ontario should not attempt to use its corporate tax system as a mechanism for delivering incentives that are more generous than those offered in the federal system. Corporate tax deductions in Ontario which are either in addition to federal deductions or accelerated compared with federal deductions should be eliminated.
- 39** In addition to the criteria applicable to tax expenditures generally, tax expenditures designed to further general economic development goals should meet the same criteria that apply to economic development programs delivered outside the tax system:
- a) Subsidies should be focused on desired activities or behaviours, not on sectors, types of companies, or size of businesses.
 - b) The activities or behaviours targeted must be defined and measured easily.
 - c) The incentives given should be large enough to result in changed corporate decisions.
 - d) The subsidy programs must be simple to understand and transparent for both companies and the administrative authorities.

- e) To limit the potential for abuse, tax incentives in the form of non-refundable credits should not be tradable among firms but rather should be restricted to the recipient company.
 - f) All subsidy programs should be reviewed in depth with potential recipient firms for their likely impact on behaviour before they are introduced.
- 40** Ontario should eliminate the bias in the corporate income tax against income generated in service industries by removing the preferential rate for profits from manufacturing and processing.

Taxation of Small Business and Cooperatives

- 41** Ontario should maintain a tax rate lower than the general corporate tax rate for the first \$200,000 of small business income. The small business rate should be adjusted periodically to ensure equal tax treatment of small business income received by individuals that has been earned through either an incorporated or an unincorporated business.
- 42** Ontario should retain the exemption and graduated set of flat rates for the Ontario capital tax in its current form.
- 43** Ontario should encourage the federal and provincial governments to consider the ownership and governing structure of cooperatives when developing tax policy, programs, and legislation. Programs should be structured so that:
- a) the requirements can be met as easily by cooperatives as by other enterprises, and
 - b) the benefits are equally available to cooperatives and other enterprises.
- 44** Ontario should amend the worker ownership component of the Ontario Investment and Worker Ownership Program to permit employees to operate a worker-owned enterprise as a cooperative.
- 45** Ontario should ensure that property held by not-for-profit housing cooperatives be assessed on the same basis, whether they own or lease the land.
- Ontario should amend the Land Transfer Tax Act to ensure that it is not applied to the value of the building of a newly developed housing cooperative when the land and the building originate with different corporations.

Payroll Taxation

- 46** Ontario should eliminate the graduated rate structure for its existing payroll tax and replace it with a uniform rate of tax based on all remuneration.
- 47** Ontario should establish a new method of calculating remuneration for payroll tax purposes for owner-managers of corporations and self-employed individuals. For owner-managers of corporations, remuneration above an exemption level up to a threshold amount, whether in the form of salary or dividends, should be fully taxable. Above this threshold amount, a portion of remuneration would be excluded from the base as an allowance for the owner-manager's return on capital. For self-employed individuals, a portion of remuneration above the threshold amount would be excluded from the base as an allowance for the return on capital included in earnings.
- 48** Ontario should seek the agreement of the federal government to make payroll taxes fully deductible for corporate income tax purposes.

Resource Taxation

- 49** The Ontario Mining Tax should be changed from its current format as a tax on profits to one on cash flow, which would:
- a) allow for the immediate deduction of all capital and operating expenditures;
 - b) provide for any expenditures not deducted in the current period to be carried forward with an investment allowance for deduction in future periods; and
 - c) exclude any further deduction for depreciation or interest.

Since these features allow full credit for returns on processing assets, there would be no justification for the processing allowance provided for in the current tax format.

- 50** The resource allowance in the Ontario corporate income tax should be restricted to the lesser of resource taxes actually paid and 25 per cent of resource profits.
- 51** In establishing rates of tax on cash flow in the mining industry, Ontario should monitor closely world economic conditions in the province's key mineral sectors to ensure that Ontario generates the maximum revenue possible from the underlying value of the mineral resources consistent with the need to maintain the long-term viability of the industry.
Ontario should set the initial rate of the tax on cash flow to generate a long-term revenue yield – after allowing for any additional incentives for exploration, research, and environmental costs – equivalent to the yield of the current tax on profits.
- 52** A mining tax based on a cash flow format should not provide for:
 - a) exemptions for cash flow below a threshold or on any basis; or
 - b) tax holidays for new mines or on any other basis.
- 53** Ontario should explore further the potential role for a tax on cash flow in enhancing Ontario's return from its forestry wealth.
- 54** Ontario should increase its reliance on auctions of forest-harvesting rights to recover the public value of forest products until such time as a cash flow tax can be introduced.
- 55** Regeneration costs borne by the forestry operation should be deductible from the cash flow base. Regeneration costs borne by the government should be a charge against cash flow prior to the application of the tax.
- 56** Ontario should revise the system of area charges for forestry to reflect the cost of holding forest land out of alternative uses such as recreation and to reflect costs of administration and forest maintenance.

Retail Sales Tax

- 57** Ontario should broaden the base of the retail sales tax to include all goods and services with limited exemptions.
- 58** Ontario should exempt all business inputs from the retail sales tax.
- 59** Ontario should replace its current single-stage sales tax, levied only at the final point of sale at the retail level, with a multi-stage sales tax levied on all transactions with full credit for tax paid on business inputs.
- 60** Given the existence of a comprehensive sales tax at the federal level, Ontario should harmonize its retail sales tax with a national sales tax modelled on the federal Goods and Services Tax. This would involve accepting the basic structure of the GST as a multi-stage sales tax or value-added tax, with the following provisions:
 - a) an exemption for health care services, financial services, education services, child care services, personal care services, legal aid, resale of homes, and residential rents; and
 - b) zero-rating for basic groceries, prescription drugs, medical services, transportation services, and public transit services.In negotiating its participation in a national sales tax system, Ontario should:
 - examine approaches to making prepared foods purchased in convenience and grocery stores taxable; and
 - explore the options for including financial services in the tax base.
- 61** Ontario should require joint administration of the harmonized sales tax, which would provide for:
 - a) joint establishment of all aspects of sales tax policy, with the exception of rates;
 - b) establishment of tax rates by each government independently;
 - c) formal provincial involvement in the administration of the tax. This involvement would be accomplished through recognition of a clearly specified provincial role in the administration of the joint tax;

provincial administration of the joint tax; or establishment of an independent federal/provincial agency for the administration of the joint tax.

- 62** Ontario should not increase retail sales tax rates on selected luxury items or introduce a distinct excise tax on luxury items.

The Role of Taxes in Protecting the Environment

- 63** Ontario should increase its reliance on tax-related economic instruments directed towards pollution control. Ontario should establish pollution taxes on substances selected from generally recognized pollutants or lists of recognized pollutants, such as:

- the Primary List of substances for ban or phase-out maintained by the Ontario Ministry of Environment and Energy;
- the Ministry of Environment and Energy Secondary List; or
- the National Pollutant Release Inventory.

Such pollution taxes should apply to all discharges, whether into water (including sewers), land, or air. Such taxes should increase with the quantity of pollution and vary with the risks associated with the discharge of each substance.

In determining the appropriate mix of tax, regulation, and other instruments, Ontario should consider the extent to which the tax can be applied directly to the activities generating the pollution and the potential impact of each type of measure on industrial activity.

- 64** Ontario should introduce a tax on all fossil fuels consumed in the residential, commercial and industrial, and transportation sectors based on the carbon content of fossil fuel energy inputs. For the largest sources of carbon dioxide emissions, carbon dioxide emission limits should be negotiated and established through regulated limits. The tax should apply to those sources only if they fail to meet agreed emission limits within the established timetable.
- 65** To maintain incentives for fuel conservation and to reflect the higher environmental costs associated with transportation use, Ontario should retain a rate of tax on transportation fuels higher than on energy consumed in other sectors.
- 66** Ontario should extend the Tax for Fuel Conservation to light trucks and vans and then adjust the rates to provide a stronger incentive to purchase fuel-efficient vehicles.
- 67** Ontario should establish a new system of vehicle registration based on mileage, vehicle inspection results, and other vehicle characteristics related to road use, such as weight. Fees raised from this system should replace a portion of the revenue currently raised from transportation fuel taxes. Until this system is implemented, transportation fuel taxes should remain at their current levels.
- 68** Ontario should introduce an environmental tax on all ozone-depleting substances used in the province, whether new or recycled. The government should ensure that the tax closely complements the province's existing and emerging regulatory framework.

Environmental Charges for Water and Sewer Services and Solid Waste

- 69** User fees should be applied for water and sewer services, based on levels of consumption and costs of providing the service. Such fees should apply to all sectors that consume these services.

Fees for water and sewer services should include a fixed amount to account for the costs of capital replacement, and a variable amount that reflects consumption.

To improve efficiency and to provide incentives for resource conservation, the user fee system should incorporate such features as peak-load pricing, seasonal pricing, and surcharges for hard-to-treat industrial, commercial, and institutional waste.

User fee systems should include such options as reduced, flat, or constant unit rates up to a minimum level of consumption, subsidized rates for basic service, and exemptions for low-income consumers to ensure that higher fees for sewer and water services do not bar low-income families from access to those services.

- 70** Ontario should expand the application of user fees for both residential and non-residential solid waste.
- 71** User fee rates for solid waste in the residential sector should reflect all costs associated with the collection and disposal of solid waste, including the environmental costs generated by waste collection and disposal. Fees should vary with the amount of waste generated. Where possible, fees for residential solid waste should increase with weight.
To ensure broad access to solid waste collection and disposal services, user fee structures should provide for reduced rates for basic service, and special reduced rates for low-income consumers.
- 72** Ontario should establish a regulatory and fee framework to ensure that prices charged for solid waste collection and disposal in the industrial, commercial, and institutional sector provide incentives for waste reduction.
- 73** Ontario should introduce a broad-based system of environmental excise taxes on food and beverage containers. These taxes should be fully refundable for containers returned for reuse and partially refunded for containers returned for recycling.

Paying for Services: Property Taxes in a Fair Tax System

- 74** The provincial government should assume responsibility for the funding of education to a provincial standard, allocating funds to school boards based on per student cost, student needs, and community characteristics which affect education costs, such as poverty and language.
- 75** Ontario should replace the local residential property tax as a source of core funding for education with funds raised from provincial general revenues.
- 76** Ontario should eliminate the local education levy on commercial and industrial property.
- 77** Ontario should permit school boards to raise funds to support local discretionary spending through a local levy on the residential property tax base. The amount of this local levy for each board should be restricted to a fixed percentage – not greater than 10 per cent – of the total amount of provincial funding provided to that board.
- 78** Ontario should assume full responsibility for funding general welfare assistance and provincially mandated services to children.
- 79** a) To ensure that municipal governments do not eliminate property tax savings resulting from reform in the funding of education and social services by raising municipal tax rates, those tax rates should be subject to provincial regulation during a transitional period.
b) Ontario should establish a base year municipal tax rate, which excludes taxes attributable to services no longer funded from property taxes, and should limit municipal tax rate increases to a provincial standard increase, subject to appeal. In addition, municipal governments should be required to disclose on their tax bills any increases in tax relative to this revised base year tax rate.
- 80** Ontario should require that municipalities levy user fees for sewer and water services. Assessment-based charges for water and sewer services should be replaced by metering of all consumption. Flat rate water charges should not be permitted.
- 81** By the funding of pilot projects and other means, Ontario should encourage municipalities to levy user fees for waste collection.

A New Basis for Property Taxation

- 82** Residential assessment of individual properties for local taxation purposes should be based on the following factors:
- size of building,
 - dimensions of lot, and
 - type of building.
- Weighting factors used in combining the factors of size of building and dimensions of lot for each type of

building should be designed to ensure that the resulting assessments reflect variations in the value of properties in their current use, as shown in their rental value.

Weighting factors would be permitted to vary, based on location, subject to the following requirements:

- Without differential weighting factors based on location, it would be impossible to achieve assessments which reflect value in current use.
- Assessment areas could not be smaller than geographically contiguous areas which carry the same zoning designation for planning purposes.

- 83** Residential tenants should be made aware of the assessment and corresponding property taxes that apply to the property they occupy and that are reflected in their rents. Municipalities should be required to send property tax notices to all tenants, informing them of all taxes applicable to their units.

Administrative mechanisms should be developed to ensure that landlords are able to pass on increases in property tax and that tenants receive full credit in their rents for any reductions in property tax that result from reform of local government financing.

Local government finance reforms affecting residential rental property should not be implemented until such a mechanism has been developed.

- 84** All recreational vehicles and trailers located permanently in a campground or trailer park should be assessed as residential property. Location would be considered permanent if the mobility of the vehicle or trailer is impaired. Vehicles and trailers located in a campground or trailer park for more than 30 days and not assessed should be subject to a monthly fee. The fee should be established by the provincial government to approximate the local taxes that would apply if the structure were a permanent dwelling, pro-rated to a monthly amount.

Fees would be collected by the operator and remitted to the local municipality or local roads board.

- 85** Non-residential property should be assessed on the basis of the rental value of the property – the price that would be paid for property of that class and type for the right to employ the property in its current use.

- 86** Statutory assessment rates should apply to non-residential properties whose value in current use is difficult to determine.

Railway, pipeline, and electrical transmission rights of way should be assessed at provincial standard unit rates which are updated on a regular basis as assessed values generally are updated.

Church sanctuaries and cemeteries should be assessed at a standard unit rate.

- 87** Vacant land should be assessed based on the preponderant use of property in the area. Vacant land includes surface parking lots zoned for other purposes and unused rights of way.

Municipal Taxation Policy

- 88** All residential property should be assessed on the same basis whether the property is occupied by an owner or a tenant.

- 89** Non-commercial cottage and recreational property should be assessed as residential property and be subject to local municipal taxes on exactly the same basis as other residential property.

- 90** Local levies for education should apply to all properties assessed and taxed for municipal purposes as residential property, including non-commercial cottage and recreational property.

- 91** Ontario should allow municipal governments to establish their own rates of tax on non-residential property, subject to a minimum rate of tax established by the provincial government.

- 92** The farm residence and one acre of land should be assessed and fully taxed as residential property.

- 93** Wetlands, managed forests, and farming property other than the farm residence and one acre should be assessed as non-residential property based on its value in current use, established using available provincial data on soil quality and productivity, and should be subject to local non-residential property taxes.

- 94** The business occupancy tax should be abolished as a separate form of taxation of non-residential property.

Municipal governments should have explicit powers to replace the revenue forgone from residential or non-residential property taxes.

- 95** To replace the relief provided for vacant non-residential properties in the current non-residential and business occupancy tax systems, the local non-residential tax rate should be reduced by 40 per cent for property that is vacant.
- 96** Ontario should develop general legislation regarding exemptions from local property taxes and should repeal the exemption provisions of existing private legislation.
Property should be exempt from local taxation only if it is determined that the owner should not be required to pay for local services or if there is a public policy rationale for linking a subsidy directly to the amount of property tax paid on the property.
Exemptions should be based on the nature of the use of a property rather than on the characteristics of the owner of the property.
Municipal governments should not have the power to exempt property from taxation.
- 97** Crown land should continue to be exempt from local property taxation, but should be subject to full payment by the province in lieu of all local property taxes, based on the assessment of similar property. Roads and highways should not be subject to taxation or to payments in lieu of taxes.
- 98** The exemption from local property taxation for "property held in trust for a band or body of Indians" should be restricted to reserve lands and other lands for which municipal services are not provided.
- 99** Public hospitals and public educational institutions should continue to be exempt from local property taxation. Formula payments in lieu of taxes based on the number of beds or the number of students should be eliminated and replaced by full payment in lieu of taxes by the province based on the assessment of similar property.
- 100** The exemption from local property taxation for Children's Aid Societies should be continued. The provincial government should make payments in lieu of taxes for Children's Aid Societies.
- 101** The property of lower-tier (local) municipalities and school boards located within their geographic jurisdiction should be exempt from local property taxes. Property of upper-tier municipalities (regional, district, and metropolitan municipalities and counties), other than roads, highways, and public transit rights of way, should be subject to local property taxes.
- 102** The local property tax exemptions for public libraries and agricultural and horticultural societies should be restricted to property owned and operated by a municipal government or an agency of a municipal government and located within the municipality.
- 103** The local property tax exemptions should be eliminated for property owned, occupied, and used by: the Boy Scouts Association; the Canadian Girl Guides Association; private reform schools and orphanages; charitable organizations for the relief of the poor; the Canadian Red Cross Society; and the St. John Ambulance Association.
- 104** The local property tax exemptions for churches, cemeteries, and religious and educational seminaries should be eliminated.
- 105** The local property tax exemption for battle sites should be eliminated.
- 106** Other local property tax exemptions should be limited to property owned and used by institutions of provincial interest or importance. The provincial government should make full payments in lieu of taxes for all such exempt property.
- 107** The following transitional rules should apply to the repeal of existing exemptions from property taxation:
 - a) After advance notice of one year, there should be a phase-in period of up to five years to permit taxpayers to adjust.
 - b) Exemption policies should only be changed following the introduction of assessment based on value in current use for commercial and industrial properties and unit value assessment for residential properties.

- c) Special statutory assessment rates should be established for exempt properties for which it is impossible to determine a value in current use, such as the portion of church property used as a sanctuary.
 - d) Properties such as cemeteries which are supported by fixed endowments based on tax exempt status should continue to be exempt. New cemeteries established after the change in policy should be taxable.
- 108** The special local property tax exemption for mining buildings and machinery located underground should be eliminated. Any building, machinery, or equipment that would be taxable if located on the surface should be taxable if located underground.
- 109** The exemption from local property taxation for up to 20 acres of forestry land attached to a farm (a wood lot) should be eliminated. Such property should be assessed and taxed based on its value in use as a wood lot.
- 110** Provided a unit value residential assessment system is adopted, in which assessments of individual properties of the same type and in the same geographic area vary only with differences in physical dimensions, exemption from local property taxation for modifications to property for the accommodation of elderly or disabled residents should be eliminated; any appropriate assistance should be provided through direct spending programs.

Making the Local Financial System Work Better

- 111** Ontario should limit provincial grants and subsidies to municipal governments in areas of local jurisdiction to:
- a) areas in which the province wishes to increase local spending because such spending generates spillover benefits outside the local area or in the province generally; and
 - b) areas in which it is considered appropriate that the province guarantee the availability of a basic level of service, regardless of local fiscal capacity.

Grants intended to increase levels of local spending on programs that generate benefits for people who live outside the local area (spillover benefits) should be designed to provide assistance for spending above minimum levels rather than matching funding from the first dollar spent.

- 112** Ontario's subsidy programs for municipal governments should be targeted to deal with factors that limit the ability of municipalities to provide access to adequate local services at reasonable cost. These programs should focus on particular local services; should be based on factors such as climate, geography, and density of population; and should be designed to respond to emergency situations, such as the closure of a business vital to the local revenue base.

To ensure that assistance is available only to offset excessive local tax burdens required to fund minimum standard services, subsidies under such programs should vary based on local fiscal capacity – the ability of the municipality to raise revenue to pay for those programs while imposing a reasonable burden on local taxpayers.

Local fiscal capacity should be measured separately for the residential and non-residential sectors. For the non-residential sector, local fiscal capacity should be measured using assessment, adjusted by equalization factors so that it is measured on the same basis throughout Ontario. For the residential sector, local fiscal capacity should be measured based on residential property taxes paid by residents of the municipality as a proportion of the total income of all households in the municipality.

Subsidies should equalize the impact on household incomes in the municipality of residential property taxes required to support a particular service, after allowing for local revenue from the application of a standard effective rate of tax on commercial and industrial properties and after allowing for revenue from the taxation of residential property used by non-residents.

- 113** Each local (lower-tier) municipality's share of county, regional, district, or metropolitan (upper-tier) costs should be based on its share of total residential and non-residential assessment.
- Residential and non-residential assessment would be measured on a consistent basis throughout the upper-tier area. The share of each lower-tier municipality would be determined as follows:

- a) The weighted average rate of tax on residential property in the upper-tier area in the previous year would be calculated by dividing total residential property taxes levied for upper-tier purposes by all municipalities in the upper-tier area by total residential assessment in the upper-tier area.
- b) The weighted average rate of tax on non-residential property in the upper-tier area in the previous year would be calculated by dividing total non-residential property taxes levied for upper-tier purposes by all municipalities in the upper-tier area by total non-residential assessment in the upper-tier area.
- c) Residential assessment would be multiplied by the weighted average rate of tax on residential property as calculated above.
- d) Non-residential assessment would be multiplied by the weighted average rate of tax on non-residential property as calculated above.
- e) The share of each municipality would be calculated by adding the figures obtained in (c) and (d) above and dividing by total residential and non-residential property taxes for upper-tier purposes in the upper-tier area in the previous year.

Once the share of each lower-tier municipality is determined in this fashion, lower-tier municipalities would determine the mix of residential and non-residential property taxes used to raise the required revenue in accordance with their own taxation policies.

- 114** Development charges for education should be eliminated, and the infrastructure costs associated with education should be funded from provincial general revenues.

Municipal development charges should not apply to infrastructure development that is related solely to the total population of the municipality, irrespective of its location within the municipality, and should apply only to costs that would not be recovered from increased property taxes on the new development.

Provincial Property Taxation

- 115** Ontario should establish a provincial property tax on commercial and industrial property, levied at a uniform effective rate across the province, to replace the revenue raised by the local education levy on non-residential property and the education share of the business occupancy tax.
- 116** The provincial commercial and industrial tax should be levied on the assessed value of commercial and industrial property as established for municipal taxation purposes and equalized to a common base across Ontario.
- 117** The provincial commercial and industrial property tax should apply to all non-residential property which is used for a business purpose. Property owned by a non-profit organization and used for a non-profit or charitable purpose should be exempt from the provincial commercial and industrial property tax.
- 118** Provincial policy towards the taxation of farming should be reformed as follows:
- a) Farming property should be exempt from the provincial commercial and industrial property tax pending a broader review of the economics of the farming industry in Ontario and the policy objectives of government with respect to the farming industry.
 - b) The Farm Tax Rebate Program should be abolished.
- 119** The rate for the provincial commercial and industrial tax should be set to generate approximately the same amount of revenue as is currently raised for education at the local level from the business occupancy tax and the non-residential property tax.

Reducing Reliance on Regressive Taxes

- 120** Ontario should reduce its reliance on residential property taxes.
- 121** Ontario should increase its reliance on revenue from personal income taxes.

- 122** Ontario should meet the additional requirements for funding resulting from reform of education finance and the assumption by the provincial government of responsibility for funding of services for children as follows:

Residential (\$ billions)

Education property taxes	4.600	
LESS Local levy	0.727	
Grants offset (net)	0.373	
Property tax reduction		3.500
<i>To be replaced by</i>		
PIT rate changes	3.000	
Sales tax base	0.300	
Payroll tax changes	0.150	
Corporate income tax uniform rate	0.050	
Additional revenue		3.500

Commercial and industrial (\$ billions)

Education property taxes	3.095	
LESS Grants offset (net)	0.251	
Local property tax change		2.844
<i>To be replaced by</i>		
Provincial commercial and industrial tax		2.844

- 123** If Ontario gains more control over its personal income tax system through amendments to the federal-provincial Tax Collection Agreements, it should raise the revenue necessary to meet the tax mix objectives recommended by the Fair Tax Commission by establishing the following rate schedule and credit amounts:
- brackets and marginal rates

<i>Taxable Income (\$)</i>	<i>Rate (%)</i>
10,000 and under	10
10,001–20,000	12
20,001–29,590	14
29,591–40,000	16
40,001–50,000	18
50,001–59,180	20
59,181–80,000	22
80,001–150,000	24
150,001–250,000	26
Over 250,000	28

- a basic personal credit with the amount claimed equal to the federal amount and the credit rate equal to the lowest Ontario marginal tax rate.
- 124** Refundable credit amounts should be as follows:
- an Ontario tax assistance credit of \$500 per adult family member up to family income of \$18,000, and reduced at a rate of 8.3 per cent of income in excess of \$18,000;
 - an additional Ontario tax assistance credit of \$300 for individuals aged 65 and over;
 - a child tax credit of \$600 for the first child and \$500 for each additional child, up to a family income of \$18,000 and reduced at a rate of 7.5 per cent of income in excess of \$18,000;
 - an additional credit of \$400 for the first child in a single parent family.

If Ontario establishes an income-tested child benefit which provides benefits to families with children regardless of the family's source of income, the child tax benefit should be eliminated and folded into this new program.

Tax Considerations in Aboriginal Self-government

- 125** Ontario should declare its readiness to negotiate tax harmonization accords with aboriginal governments and to help develop administrative arrangements to facilitate taxation by aboriginal governments.

Implementation and Transition

- 126** Ontario should proceed with proposed changes in the structure of its income tax credit system at its earliest opportunity.
- 127** Ontario should develop a coordinated strategy for negotiating with the federal government on:
- a) changes in the personal income tax collection agreement;
 - b) reform in the tax treatment of child support and alimony;
 - c) reform in the tax treatment of income from capital;
 - d) sales tax harmonization;
 - e) wealth transfer taxation; and
 - f) a framework agreement on the income tax treatment of federal, provincial, and local taxes paid by corporations.
- These changes should be part of general negotiations on federal-provincial fiscal arrangements.
- 128** Ontario should implement the recommended changes in education expenditure allocation and in the sources of revenue for education as a package.
- An education finance reform package must also include a mechanism to ensure that property tax reductions on residential rental property are passed on to tenants and must enable municipalities to set tax rates on residential and non-residential property independently.
- 129** Ontario must introduce a complete framework for education finance at the beginning of the transition to a new funding system.
- This framework should include the expenditure allocation model, the shift in commercial and industrial taxation responsibility from school boards to the province, legislative authority for the discretionary local levy on residential property, and the shift in primary funding responsibility for education from school boards to the provincial government.
- 130** The education portion of the residential property tax (other than the limited local discretionary levy) should be eliminated at the beginning of the phase-in period.
- The shift from local non-residential property taxes for education to provincial commercial and industrial taxation at a uniform rate should be phased in over a five-year period.
- 131** Prior to the beginning of the transition period for assessment reform, Ontario should implement policy changes dealing with local tax policy flexibility; with sharing the costs of regional, district, and metropolitan municipalities and counties among local municipalities; and with the establishment of a new basis for distributing provincial equalization grants among municipalities.
- 132** Transitional and implementation measures for local government finance reform should be consistent with the following criteria:
- a) Transition should take place over a defined period of time; it should not be linked to an event such as the sale of property (in the case of assessment) or subsequent decision by a particular local government.
 - b) Transition should, to the extent possible, be weighted towards the beginning of the transitional period to ensure that momentum for reform is maintained.
- The same transitional measures should apply to all classes of property.
- 133** Ontario should, if possible, implement the reform of education finance and of commercial and industrial assessment at the same time.
- 134** In the transition period for assessment reform, the old and reformed assessment rolls should be maintained in parallel. Over a fixed transition period, municipalities would raise a portion of their revenue requirements from the old assessment roll and a portion from the new assessment roll, with the proportions mandated to shift towards the new roll throughout the transition period.
- Business occupancy taxes would be phased out by linking them to the old assessment roll only.
- 135** Ontario should locate all of the functions related to local government finance in one ministry.

APPENDIX C

Government Caucus Report on Pre-Budget Hearings

GOVERNMENT CAUCUS REPORT ON PRE-BUDGET HEARINGS

The government members of the committee would like to thank all the participants in the Pre-Budget Hearings for their input into the process.

It is clear that this year's budget-making process will continue to be challenging and difficult. The positive news of increased employment and economic growth is balanced by lower-than-anticipated revenues and ongoing pressures in the delivery of public services.

The following comments and recommendations are primarily based on issues raised in the hearings and should not be considered a comprehensive list of budget issues.

JOB CREATION

The growth in employment this year is positive news for the many people who have lost their jobs in Ontario due to the recession, adjustment to free trade, and economic restructuring. This positive news is tempered by the fact that there are more people coming back into the job market. The increase in the number of people looking for work combined with much of the economic growth coming from increase in productivity - rather than increased employment - means that the unemployment rate will not decline quickly.

The government's record in creating jobs during this difficult economic period is impressive. The 300,000 jobs created during this government's term has assisted significantly in helping many Ontarians through the worse economic period since the 1930s. There can be little doubt that without the government's efforts in job creation the recession's impact would have been even harsher and more severe for the province.

With an official unemployment rate expected to stay above 10%, it is important the government maintain a strong commitment to job creation. However, the job creation initiatives should be developed in a way that ensures they achieve many policy objectives. Capital investment should improve our infrastructure, allow for more efficient delivery of services, or provide a basis for increased economic activities. The investments in the Metro Toronto Convention Centre, water and sewer projects, or in energy retrofitting projects all achieve more policy objectives than the jobs that are created from the actual construction.

Government job creation initiatives should also have a significant training component. Increasing the skills of our workforce will ensure Ontario can remain competitive and allow individuals the means to be more self-reliant. **JobsOntario Training** has been successful in achieving this objective and should continue to be supported.

Government job creation initiatives must also try to maximize the economic impact of the investment. Innovative approaches that include joint initiatives with the private sector or projects that have strong financial support from local communities should be given a high priority. The expansion of Highway 407 and establishment of Capital Corporations are good examples of innovative approaches.

Two other issues raised regarding job creation were the questions of the length of the work week and payroll taxes. These issues require further study and analysis before any specific recommendations can be made.

Recommendation 1

The government maintain strong job creation initiatives in the 1994-95 budget that will improve infrastructure, stimulate other economic activity, increase the skills of the workforce, and utilize private and community investment.

Recommendation 2

The government or the Standing Committee on Finance and Economic Affairs examine issues related to the Work Week. Issues to be covered include shorter work weeks, job sharing, and overtime.

Recommendation 3

The government examine the impact payroll taxes has on increased employment and explore what other types of corporate taxation might be available to generate the revenue.

DEFICIT

Most presenters discussed the issue of the deficit. The majority believed the deficit needs to be reduced. The question is how quickly should the deficit be reduced. Some suggested that significant reductions must occur this year while others suggested a gradual reduction over several years was more appropriate. The projected \$1.6 billion decline in revenues over last year's forecast and uncertainty over federal transfer payments will make large scale deficit reduction almost impossible for this year without having a tremendous impact on services.

It is clear that efforts to reduce the operating deficit must continue since there is only limited room to increase government revenues.

Recommendation 4

The government should continue to lower the operating deficit for 1994-95.

TRANSFER PAYMENT PARTNERS

A common theme emerged from the province's transfer payment partners. The majority requested stability in funding of their transfer payments in order for them to do appropriate planning for this year and years to come. The reality is that this request can only be met when the government's revenues stabilize, including the transfer payments from the federal government.

There is no doubt that the transfer payment partners have had a difficult challenge of operating with decreased resources. Innovation, creativity, and resourcefulness have been required to respond to the challenges. Many have responded in a very positive and innovative fashion, particularly those organizations that have asked their employees to assist in finding savings. These organizations have had the most success in maintaining services in this period of restraint.

Some transfer payment partners have responded to these challenges by changing their administrative structures. For example, boards of education are reducing the number of trustees and developing joint purchasing programs with neighbouring boards, and municipalities voluntarily amalgamating with neighbouring municipalities. However, these types of changes are not widespread across the transfer payment partner sector in Ontario. In other provinces, these types of changes have occurred right across a sector, although in some cases they have been imposed by the provincial government. There is significant room for more changes in the administrative structures in this sector.

Recommendation 5

The government develop initiatives that support and encourage transfer payment partners to undertake voluntarily significant changes in their administrative structures.

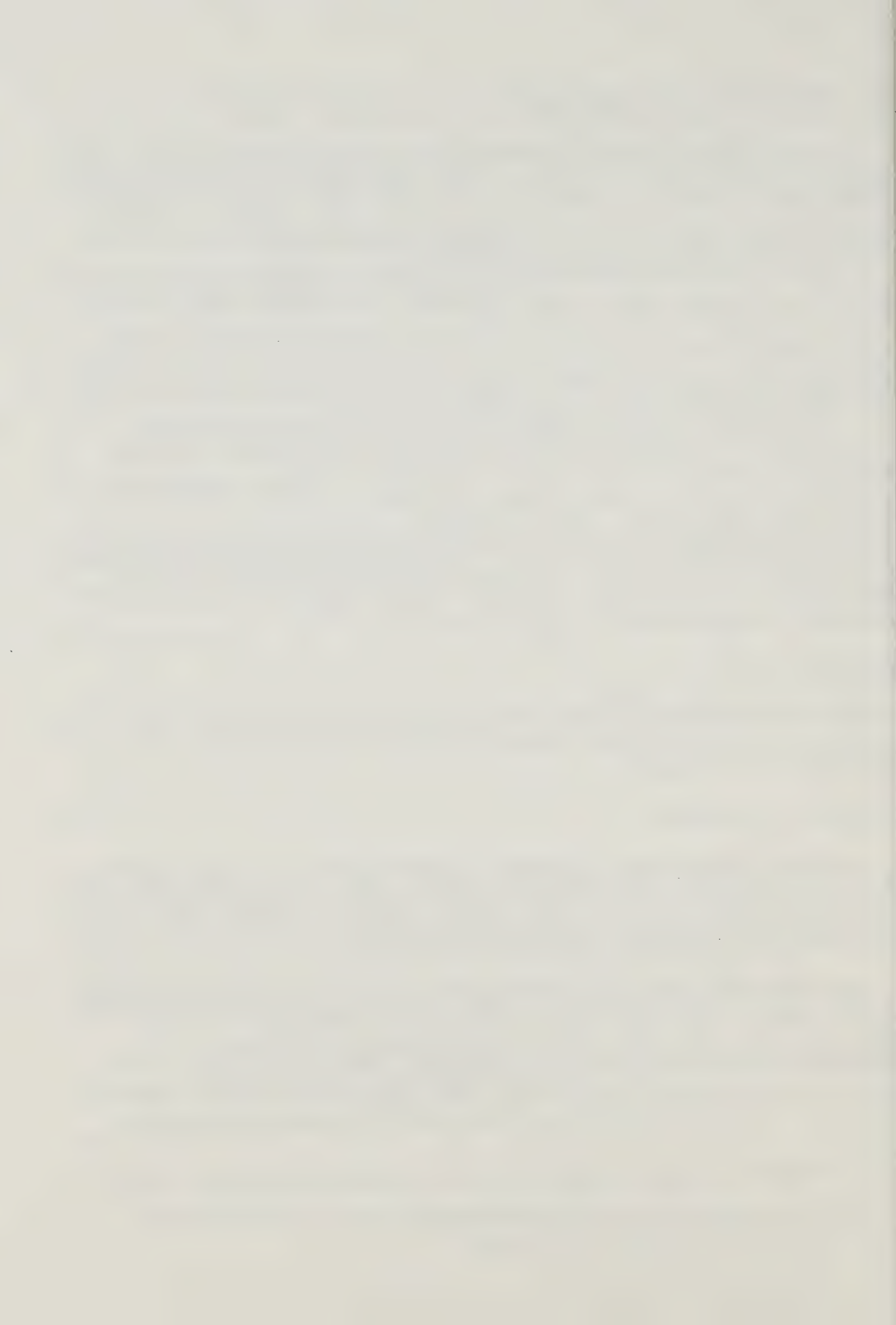
FAIR TAX COMMISSION

There was a great diversity of opinion presented on the recommendations of the Fair Tax Commission. The result was that no consensus emerged among the hearings participants on what was fair taxation, on what recommendations should be implemented and how they should be implemented.

The Commission itself clearly established that progressive taxation is fair taxation. The government should build upon its earlier steps in making the system more progressive. Due to the wide number of recommendations and differences of opinion provided by the presenters, it is difficult to decide what specific recommendations should be implemented. It is suggested the Ministry of Finance review the committee Hansard to get a better sense of the presenters comments.

Recommendation 6

The government work towards implementing a fairer tax system taking into account the economic impact of any changes.



APPENDIX D

Dissenting Opinion of Elinor Caplan, M.P.P., Monte Kwinter, M.P.P. and Gerry Phillips, M.P.P.



STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS
- LIBERAL MINORITY REPORT

Recommendations

1. The 1994-95 budget must contain no new or increased taxes.
2. The 1993-94 budget must present Ontarians with an action plan for getting the economy moving again.
3. The government should adopt the accounting standards of the Canadian Institute of Chartered Accountants for both the Public Accounts and the budget statements.
4. In order to instill a sense of confidence among consumers and investors, the government must keep to its deficit reduction plan set out in the 1993 budget without resorting to questionable bookkeeping.
5. The government must initiate a serious review of public expenditures. The government must examine how to "reinvent" itself and redefine how it delivers its service.

Government should provide only those services that government should provide and that only government delivers best. The government should decide which tasks can be best performed by other levels of government or the private sector and which tasks should be eliminated entirely.

6. The government must initiate measures to get Workers' Compensation Board costs under control and ensure that employers do not face any more assessment increases.
7. The government must restore the balance of current provincial labour law to ensure that both sides have equal rights in the bargaining and organizing process.

Introduction

The Liberal members of the Standing Committee on Finance and Economic Affairs appreciate the hard work of all the members of the Committee, the Legislative staff and witnesses who made presentations before the Committee's 1994-95 pre-budget report.

It is our belief, however, that certain aspects of the upcoming budget must be highlighted if the Committee's report is to offer the proper advice to the government prior to the tabling of its 1994-95 budget later this year.

Hence, we believe that attaching a minority report to the Committee's main document is the best way in which these views can be brought forth.

A Wasted Year

The Ontario Liberals believe that last year's budget could have improved the economic situation for the people of Ontario. Instead, with its 1993-94 budget, the government missed a great opportunity to improve the province's economic prospects.

Last Year's Failure

After the deep recession of 1991, Ontario's economy had begun to grow again. The province's gross domestic product inched ahead by 1.2 per cent in 1992 and was expected to accelerate by 3.4 per cent last year.

A properly crafted budget could have built upon this hesitant economic recovery, and improved growth while reducing unemployment.

In its minority report to last year's pre-budget consultation document, the Liberals laid out the elements of such a budget.

We asked for a budget that contained no new taxes.

We said Ontario needed a budget which gave people hope that existing jobs would be secure and, for the jobless, held out the possibility of obtaining gainful employment.

Unfortunately, the economic promise of 1993 was dashed almost as soon as the Finance Minister tabled last year's budget.

And the outcome of the government's decision to ignore the advice of the Liberals in last year's report is distressingly plain to see.

A Budget With Too Many Taxes

In 1993-94 budget, the Premier increased taxes by \$2 billion, the highest since 1981, a move which shattered consumer and business confidence.

Worse still, the government boosted its non-tax revenues by another \$240 million through measures such as the introduction of new photo radar units. The public saw these proposals for what they are: thinly-disguised revenue grabs.

Even with such a rapacious budget, Bob Rae's government still could not make much of an improvement in the province's debt and deficit situation.

A Budget With Too Much Debt

"...We are worse off today than a year ago from a debt perspective."

Canadian Bankers Association to the Finance and Economic Affairs Committee

At the time of the 1993-94 budget, the Finance Minister predicted that the deficit would be \$9.1 billion, three times the shortfall of the 1990-91 budget. However, slower-than-expected economic growth has forced the government to revise this estimate to \$9.5 billion.

By the end of March 1994, the province's debt will have more than doubled to \$79 billion, since the NDP came to power in 1990.

Worse still, while the government continues to tout the number of jobs its fiscal measures have "saved", the province's unemployment figures tell a different tale.

A Budget With Not Enough Jobs

Ontario's current jobless rate stands at 10.9 per cent, the sixth highest in Canada.

Alberta, British Columbia, Manitoba and Saskatchewan all have unemployment rates lower than Ontario. When Bob Rae came to power in 1990, Ontario had the lowest jobless rate in Canada.

Indeed, other provinces have experienced an improvement in their unemployment situations; Ontario has not. In January, for example, this province lost 41,000 jobs.

The Premier blames the continued joblessness on global restructuring. However, the fact is that Ontario's unemployment picture grows darker while the jobless situation in other provinces improves.

Indeed, the fact that Ontario's unemployment rate is not falling, that the province's deficit is still three times as high as that of any other Ontario government and that business continues to leave this jurisdiction all point to this government and its policies as the culprit underlying Ontario's stagnating economic performance.

More Than Ever, This Budget is About Hope

"Increased taxes, fees and levies are not the answer..."

The Ontario Division of Canadian Manufacturers' Association to the Committee.

The approach the government has taken in promoting economic recovery during the past three budgets has not worked.

Taxes increased in each budget; yet, the deficit remained high.

The government brought in a number of new measures to stimulate job creation, such as the creation of labour-sponsored venture capital funds; yet unemployment has stayed stubbornly high.

Finally, the province has introduced other policies, such as the corporate minimum tax; and business confidence remains at rock-bottom levels.

The government must halt its tendency to increase taxes and run large budget deficits if the 1994-95 budget is to give Ontarians more hope than did last year's.

Ontario has many natural economic advantages: a close proximity to the United States, a well-trained workforce and sophisticated financial structure. The province's economy should be performing better.

But it is not.

Initially, the government predicted that the Ontario economy would grow by 3.4 per cent in real terms in 1993. Now, the Ministry of Finance has reduced that growth projection to 2.1 per cent. The lower growth rate can be directly attributable to the government's economic policies and its 1993-94 budget.

The economy must perform better if the government is going to be able to offer hope to the 582,000 Ontarians currently without jobs.

The Prerequisites to Economic Recovery

"The first priority of the Government of Ontario should be to create a fiscal and legislative environment that encourages businesses to innovate, invest and grow."

The Canadian Manufacturers' Association to the Committee.

In its 1994 budget, the government has an opportunity to help the province's sputtering economic recovery.

In this year, Ontario is projected to outpace all countries in the Organization of Economic Cooperation and Development (OECD) in terms of economic growth. As well, with a new Liberal government in Ottawa, there is the possibility of better cooperation and coordination between the federal and Ontario governments. Indeed, with its infrastructure program, Ottawa has shown badly-needed economic leadership.

As a result, if the present Ontario government can put forward a budget that offers some hope at the provincial level, then the province might begin to experience the recovery that the public badly wants.

No New or Increased Taxes

Recommendation 1: Ontario cannot afford any new or additional taxes, neither consumption nor income nor business taxes.

The title of the Ontario Natural Gas Association's brief to the Committee sums up the attitude of most Ontarians to taxes, "Economic Recovery and Income Rebuilding, Not More Taxes or Tax Reform."

In December, the government's Fair Tax Commission (FTC) released its final report and made a number of recommendations which would remove many existing tax breaks for individuals and companies and add new taxes, like a national wealth tax.

The people of Ontario, however, are tired of the provincial government digging into their pockets for more and more money to pay for its own mistakes.

The NDP government has increased taxes and other levies more than forty times since coming to office. Indeed, last year's budget saw the government impose the largest tax hike in Ontario's history and the largest since the Conservatives in 1981.

For Ontario's gross domestic product (GDP), the Liberal tax increases during the 1985-1990 period were far less severe than those of either the NDP or the Conservatives.

Taxes Makes Business Less Competitive

In its brief to the Committee, the Board of Trade of Metropolitan Toronto noted that Ontario now suffers from higher taxes relative to other OECD countries.

In 1988, Ontario's marginal income tax rate was 45 per cent; today, that rate stands at 53.2 per cent, according to the Board of Trade.

Meanwhile, the marginal tax rate among the 13 largest OCED members has dropped to 51.6 per cent in 1991, from 74 per cent in the 1980s.

As a result, Ontario industry is finding it more difficult to earn money and hire more workers.

"It takes the average company 7 hours and 50 minutes in an 8-hour production shift just to cover operating costs. Taxes must be paid on top of that. There is no margin left to absorb cost increases," noted the CMA.

In the 1994 budget, the Premier cannot increase taxes in any way.

Taxes Hurt Confidence

Higher taxes only serve to damage consumer and business confidence in the government and the province's economic recovery.

"Retailers expect that 1994 will see a continuation of the gradual strengthening of the economy...but this will be limited by the high level of unemployment and governments' voracious appetite for consumers' money," the Retail Council of Canada told the Committee.

These days, all Ontarians see is a government taking too large a share of their wage packets and spending the money on wasteful programs such as JobsOntario Training.

Now, taxpayers are concerned that the government will use the recommendations in the FTC report as a way of grabbing more revenue for the public purse.

And they have a right to be concerned.

Higher Taxes Mean Falling Revenues

During its term, Bob Rae's government has hiked taxes even as its revenues fall.

In the past three years, Bob Rae's government has raised taxes which the Ministry of Finance estimated should have netted \$3.5 billion in new tax revenues.

In fact, income tax revenues have fallen by \$2.4 billion, a swing of almost \$6 billion. The 1993-94 deficit outlook was based upon personal income tax revenues that were predicted to grow by 5.7 per cent. In fact, the Ministry of Finance says these tax revenues are growing by only 2.6 per cent.

The large drop-off in public revenues indicates that the government's approach is fundamentally flawed.

Instead of more confidence-shattering taxes and ballooning deficits, this year the government must introduce a budget that outlines a credible plan for improving the province's economic prospects and reducing Ontario's debt and tax load.

An Action Plan For Jobs

Recommendation 2: The 1993-94 budget also must present Ontarians with an action plan for getting the economy moving again.

The 582,000 people currently without work need the hope of securing employment in the future.

Ontario's unemployment rate remains more than twice as high as the level in 1989, under the Liberal government. In order for the province to grow at its potential, the jobless rate must be reduced to its former levels.

In the current environment, boosting taxes will not help the deficit and will only hurt the economy. Deficit reduction must come from expenditure reductions, not attempts at increasing revenue.

And, if the government is serious about generating a climate of economic renewal, then the 1994-95 budget must not introduce new taxes.

Getting the Deficit Under Control

Ontario's deficit is too high and must be lowered if the province is to enjoy substantial economic growth.

Deficits mean higher taxes in the future and higher interest payments now.

Worse still, such shortfalls guarantee that a larger portion of each provincial dollar will be spent paying interest charges on Ontario's outstanding debt, not on important social programs that taxpayers want and need.

Deficits

Deficits began increasing under the Conservative governments in the early 1980s. Prior to the NDP coming to power, the Conservatives had the highest deficit of the past 20 years, \$3.2 billion in 1982-83.

The Liberal government was able to change the trend of ever-higher deficits during its time in office.

Between 1987 and 1990, the Liberal government tabled budgets with successively lower budget deficits. In fact, in 1989-90, the Liberal budget had a \$90 million surplus, Ontario's only budgetary surplus in the past twenty years.

Under the NDP, the deficit soared as the Rae government gave large increases to civil servants, disregarding the prevailing economic situation.

The NDP government has had successive budget deficits of \$10.9 billion and \$11.99 billion. The 1993-94 shortfall is estimated at \$9.5 billion.

Debt and Debt-Servicing

One result of larger deficits is the increasing greater amount of money needed to service the debt load.

Ontario's debt load and the amount of money devoted to servicing the debt increased sharply under the Conservative government. Between 1980 and 1984, the province's accumulated debt increased by almost 60 per cent, to \$30 billion. By the time the Tories left government in 1985, Ontario was spending 10.8 cents of every dollar on debt interest.

The new Liberal government managed to change this worsening trend. During the Liberal reign, the province's debt only increased by less than one-fifth, to \$39 billion.

As well, during that period, the debt interest ratio had dropped to 8.8 cents of every dollar, an improvement of almost 20 per cent compared to the Conservative government.

Under Bob Rae's leadership, the province's debt has more than doubled and the interest service ratio has increased by a similar amount, to 16.3 cents of every dollar.

Ontario must reduce the amount of money paid out in interest if the province is to find the cash it needs to pay for necessary social programs. In this era of scarce public dollars, the province cannot afford to waste any paying for past mistakes.

Fair and Clear Accounting

However, the government is likely to use certain accounting manoeuvres in order to reach its deficit target.

For example, the NDP government recently established three new crown corporations and reactivated an existing agency. These bodies are intended to facilitate capital spending in the fields of transportation, schools and water and sewer construction.

We believe the government will remove the expenditures of these crown agencies from the province's spending estimates. As a result, the Finance Minister can show a lower deficit, but only on paper, not in reality.

The Provincial Auditor has said that the spending of these corporations should be included in the budget financial statements.

Recommendation 3: The government should adopt the accounting standards of the Canadian Institute of Chartered Accountants for both the Public Accounts and the budget statements. The government has only promised to bring in these accounting standards for its Public Accounts, not the budget.

Such accounting "slights of hand" must stop if Ontarians are to understand the province's economic situation. For too long, this government has been willing to sacrifice the clarity of the financial statements in order to score political points.

We believe that not adapting the CICA rules for the 1994-95 budget is a fundamental flaw and will lead to further problems in interpreting the province's financial situation.

Making Real Inroads on the Deficit

"It is regrettable that this government spent the first half of its term in office believing that it could spend its way out of recession," noted the Canadian Federation of Independent Business in its brief to the Committee.

Besides getting the books on a proper footing, the Ontario Liberals also believe that the government must make serious inroads into reducing the deficit in real terms in the 1994-95 budget.

Shrinking the budgetary shortfall would signal taxpayers and investors that Ontario is getting control of its own financial books. Without such an indicator, Ontarians and foreigners will continue to see this province as a poor place to work and invest.

Recommendation 4: In order to restore consumer and investor confidence, the government must reach the deficit targets set out in the 1993 budget without resorting to questionable bookkeeping methods.

Even if the government realize its deficit targets for 1994-95 and 1995-96, the province's debt will have exceeded \$90 billion, almost 250 per cent higher than the level it was when Bob Rae took office.

Attacking Expenditures Seriously

The government has taken some steps to reduce expenditures. Unfortunately, many of these measures were poorly-considered, affecting services unnecessarily.

In the Social Contract, for example, the government will allow critical service workers to claim 36 unused vacation days, a measure which could cost the Treasury \$3 billion in 1996.

As well, during the past two years, the government has delayed a number of payments into public service pension plans. Instead of paying down the unfunded liabilities in the Teachers' pension plan, for instance, the government has decided to use that money to improve the deficit figure.

As with the crown corporations, however, in reality, nothing has changed; Ontario still owes the same amount of money.

Reducing spending entails a concerted attack upon waste and inefficiency within government. The public sector has not gone through the same type of productivity improvements as has been forced upon the private sector.

The public sector must become more productive and more efficient if the government is to be able to reduce spending and maintain service.

As well, the government must begin an exercise in deciding which services and functions the public sector now does, but should no longer do. Ontario has an economy based in the 1990s and a public sector with its feet firmly rooted in the 1960s.

Recommendation 5: The government must begin to examine which functions the province should and not do. The government should eliminate those jobs which are no longer needed or which the private sector can do better. For those roles which the public sector should retain, the government should figure out more efficient ways of delivering the service.

Reinforcing the Economic Recovery

"There are a growing number of real or perceived barriers to entry which make Ontario a less than hospitable environment."

The Canadian Bankers Association before the Committee

Besides taxes, there are a number of other areas where the government must gain some control or else the economic recovery could languish.

Workers' Compensation Board

The Workers' Compensation Board (WCB) is currently running an unfunded liability in excess of \$11 billion. Premiums paid by employers continue to increase, in many cases, far beyond the rate of inflation. Costs at the WCB have been racing unchecked by the Board's administration, as exemplified by the unneeded and expensive construction of downtown Toronto headquarters.

Also, the government is considering the extension of WCB coverage to a number of sectors, such as financial institutions, which are not currently covered by the compensation system.

Worse still, the Rae government is considering including stress as a compensable injury, a move which would boost the Board's costs.

All of current problems add up to a financial powder keg, which could blow up under employers this year.

The government must give a signal to foreign investors and existing companies in Ontario that the province is a good place to do business.

Recommendation 6: The government must initiate measures that will get costs at the WCB under control and ensure that employers do not face any more assessment increases.

Relations in the Workplace

Two years ago, the government passed Bill 40, its changes to the Ontario Labour Relations Act (OLRA). Businesses warned that these amendments would lead to increased tension at the workplace and to companies leaving the province.

Unfortunately, their prophecies have come true.

There have been a number of high-profile incidents in Ontario where the new provisions of Bill 40 have been used to prolong costly work stoppages.

As well, foreign investors are pointing to these labour law changes as the reason for avoiding Ontario. For example, Rail-Tex, a U.S. short-line railway, is considering the purchase of a rail line in Barrie. The company has balked at purchasing the railway because of the successor rights provisions of the OLRA.

The OLRA is now tilted in favour of the large labour unions and against unorganized workers and employers. The Ontario Liberals believe this situation to be unfair.

Recommendation 7: If Ontario is to build upon the province's economic recovery, the government must correct the balance of current provincial labour law to ensure that both sides have equal rights in the bargaining and organizing process.

Conclusion: A Time For Hope?

Ontario remains a good place to work, invest and live.

The economy has underlying strengths, such as a good geographical location, a modern infrastructure and a well-trained workforce.

The government, however, must begin now to build upon these assets, to improve the economic prospects of the province. Only by keeping a lid on taxes, by reducing the deficit and removing unnecessary red tape can government assist the recovery.

So far, Bob Rae's government has no understanding as to what it must do to get the economy going. The 1994-95 budget must point Ontario in the right direction.

APPENDIX E

Dissenting Opinion of Gary Carr, M.P.P. and W. Donald Cousens, M.P.P.

NEW DIRECTIONS FOR NEW JOBS

THE DISSENTING OPINION OF THE PROGRESSIVE CONSERVATIVE MEMBERS

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

PRE-BUDGET CONSULTATIONS

FEBRUARY 1994

RECOMMENDATIONS

Recommendation #1

The government not increase any taxes , fees or charges nor impose any new tax or non-tax revenue measures in its 1994-95 budget..

Recommendation #2

The government reject all recommendations of the Fair Tax Commission [FTC] which would discourage savings and reduce the savings rate.

Recommendation #3

The government reject the FTC's finding that there might be room to increase payroll taxes in Ontario.

Recommendation #4

The government reject the FTC's recommendation to eliminate the graduated EHT rate for small businesses and instead provide an exemption for the first \$400,000 in payroll.

Recommendation #5

The government recognize the profound negative effects of high WCB assessment rates on employment and job creation and proceed immediately with a broad based reform initiative at the WCB to include:

[a] an immediate freeze on entitlements,

[b] a reduction in benefit levels from 90% to 80% of net earnings,

[c] replacement of the political appointees in the WCB's management structure with a turn-around management team of insurance professionals,

[d] introduction of spending controls and value for money audits,

[e] a cost-benefit analysis of the privatization option and of the option of contracting out certain services and functions.

Recommendation #6

The government should reverse its decision to impose a CMT in Ontario.

Recommendation #7

The capital tax should be made creditable against corporate income tax.

Recommendation #8

As we recommended last year the government of Ontario should assess any proposed new tax or regulation in terms of its effects on the competitiveness of Ontario firms, on the cost of doing business in the province and on its impact on employment. To that end the government should review the Business Impact Test to be released shortly by the CMA and the federal government.

Recommendation #9

The government of Ontario develop and implement a Citizens' Code of Regulatory Fairness like the one adopted by the federal government of Canada. As with the federal model the code should commit the government to certain principles including to interfere as little as possible with individual freedoms while protecting the interests of the community.

Recommendation #10

The government of Ontario should issue the provincial equivalent of the Federal Regulatory Plan which would provide the public, businesses and other interested parties with advance notice of the intention of a ministry of the government to make a regulation and provide interested parties with the opportunity to scrutinize the regulation to determine whether it is necessary.

Recommendation #11

The government of Ontario should follow the lead of the government of Newfoundland and appoint an independent arms length committee to review with government officials all government regulations that effect businesses and introduce a sunset provision to come into effect on April 1, 1995 at which time all regulations found by the committee to be either inappropriate, irrelevant or unduly onerous shall expire.

Recommendation #12

The government of Ontario should eliminate the \$50 corporate registration fee as the compliance costs are far greater than the fee itself.

Recommendation #13

The government should repeal Bill 40 and introduce legislation to democratize the organized labour movement in Ontario including requirements for the broader use of the secret ballot.

Recommendation #14

The government of Ontario should adopt a balanced budget law modelled on the type introduced in New Brunswick and Alberta.

Recommendation #15

The government should allocate any new revenues generated by economic growth to deficit and/ or tax reduction and not to program spending.

Recommendation #16

At minimum any reduction in expenditures resulting from economic growth should not be re-allocated to another spending envelope .

Recommendation #17

To repeat a recommendation made last year, the government establish an arms-length Effective Expenditure Commission to examine the way public funds are spent in Ontario and to develop a Government Value Assessment process as the basis for a cost-benefit analysis of government spending programs.

Recommendation #18

A moratorium should be imposed on the non-profit housing program.

Recommendation #19

The government act immediately to link the welfare budget to skills training and job creation initiatives and to improve the management and accountability of the social assistance system to reduce the losses due to fraud and poor administration and:

- Act on the SARC Report recommendation to link social assistance to employment by using welfare dollars to finance wage subsidies to employers hiring social assistance recipients.*
- Implement a dual income replacement scheme with the federal government to recover interim welfare moneys from those waiting to collect unemployment insurance. Such a plan could allow the province to recover as much as \$50 million annually.*
- Adopt a law similar to Quebec's to beef up the authority of welfare review officers to conduct welfare fraud inquires. Quebec official have a 75% success rate in recovering welfare fraud dollars in the 5,000 cases they review annually.*
- Require mandatory home visits to determine and maintain eligibility.*
- Instead of direct deposit, implement a mandatory cheque pick-up and review program such as the one in place in New Brunswick. The program could target specific groups of recipients who would be obliged to report in person to have their files updated.*
- Consider establishing a student summer employment program to increase staff available to conduct eligibility reviews and help reduce seasonal welfare fraud.*
- Ensure that any proposed changes to social assistance eligibility requirements are properly and fully costed before being implemented.*

Recommendation #20

The Provincial Auditor be directed to conduct random audits of the social contract sectoral framework agreements and unit plans to determine whether or not targeted savings are being achieved and to assess the level, if any, of deferred costs generated by the implementation of the social contract.

ANOTHER YEAR OLDER, ANOTHER TEN BILLION IN DEBT

As Yogi Berra remarked - "It's deja vu all over again."

Twelve months after the Finance Committee wrapped up its 1993 pre-budget consultations the province finds itself another year older and another ten billion in debt, in other words in precisely the same mess it was in a year ago.

Not surprisingly then the issues raised during the 1994 pre-budget consultations were markedly similar to the issues raised last year and the year before that. Indeed they have been the same issues which have been put before the Committee every year since this government took office.

Why this is the case may be partly explained by a review of the some of the main financial lowlights of 1993. Consider what the taxpayers and citizens of this province have witnessed since this Committee filed its last pre-budget report:

- [1] Another massive record-breaking tax grab.
- [2] Another \$10 billion deficit.
- [3] Another credit rating downgrade, the third in three years.
- [4] The refusal of the provincial auditor to endorse the province's books.
- [5] The start of a tax revolt resulting in the loss of nearly a billion dollars in provincial revenues caused by explosive growth in the underground economy.
- [6] The annual forecast of another revenue shortfall - this year's number is \$1.6 billion.
- [7] The implementation of the social contract shell game which will, at best, only defer costs but not produce any long-term savings or reductions in the size or cost of the public sector.
- [8] The spectacle of the NDP's Fair Tax Commission [FTC] reporting, after spending three years and \$8.2 million studying the matter, that the only way the tax system could be made more fair was to make middle-class families pay more tax.
- [9] The government's continuing inability or unwillingness to control the WCB. The Board took time out from defending its decision to spend \$180 million to build a new corporate HQ, to hit employers with another assessment rate increase.
- [10] The ongoing denial of opportunity and hope to the 1.5 million Ontarians who were either on welfare or unemployment at year's end.

This record will be numbingly and depressingly familiar to anyone who has followed the government's efforts to first spend its way out of the recession and then to cope with the negative consequences of that decision.

It will be familiar because this government keeps doing the same things, the same way and keeps getting the same disastrous results.

The government does not understand that tax-borrow-and-spend policies are the cause of its problems, not the solution to them.

The top two priorities facing the government in its 1994 budget are to implement policies which will create jobs while reversing the dangerous erosion in the Ontario's financial position.

These are the same two priorities it faced and failed to achieve last year. To avoid repeating that failure it must take some new directions toward creating jobs and wealth for Ontarians.

Because the challenges are the same, much of the advice we offered the government last year remains relevant. However, we submit our dissent this year with a greater sense of urgency. Unless the government finds the will and courage to take a radical new policy direction its legacy will be the institutionalization of monumental deficits and the creation of a new economic underclass in Ontario.

TAX RELIEF AND REGULATORY REFORM KEYS TO JOB CREATION

Unlike the government we believe that the goals of job creation and financial stability are linked because both depend on a revival of private sector entrepreneurialism in Ontario.

Even the government agrees that private sector firms, particularly small and medium sized enterprises [SMEs], have been and will remain the key job generators in our economy.

Common sense dictates that if the government is genuinely committed to job creation it should concentrate on policies to maximize the potential of SMEs and the private sector generally to create new employment for Ontarians.

However, it has done the reverse and added to the tax and regulatory burden on the private sector through things like large and punitive personal income tax increases, the corporate minimum tax, the annual corporate filing fee, employment equity, unbalanced labour laws and increased WCB rates. If one were to look at what the government did, as opposed to what it said, then one would conclude that it was intent on making it as difficult and costly as possible to create jobs in our economy.

In doing so it has not only helped destroy jobs but has destabilized the financial position of the province through extremely high levels of deficit spending.

The government boasts that it has spent \$12 billion over the past three years to create or sustain 300,000 jobs. At best this expenditure, of \$40,000 a job, has provided only very expensive, short term symptomatic relief.

Employment levels in Ontario remain depressed and unemployment levels remain inflated, [see Fig. 1 & Fig. 2], in part because the tax and regulatory policies implemented by the government have discouraged investment, consumption and business start-ups. As a result, despite the expenditure of billions of tax dollars:

- [a] There were 144,000 fewer Ontarians employed in 1993 than in 1990.
- [b] In 1993 there were, on average 569,000 Ontarians on the unemployment rolls every month; an increase of 238,000 relative to 1990 levels.

- [c] There were 129,000 fewer people employed in the manufacturing sector in 1993 than in 1990 and 73,000 fewer in the construction sector.
- [d] Despite past and planned government spending the unemployment rate in Ontario will remain above the 9% level through to 1997.

Government spending has been a costly non-answer to the jobs dilemma. In return for short term jobs, we end up with a bigger long term debt, higher debt service costs and higher taxes.

In Ontario our provincial debt has almost doubled during this government's term in office rising from \$42.3 billion in 1990-91 to an estimated \$79 billion today [see Fig. 3]. The debt currently represents 27.5% of our GDP [Fig. 4] and our per capita debt burden of \$7,638 is higher than the all-province average of \$7,329.

In fiscal 1993-94 our debt service costs are running at about 16.3% of revenue up from 9.9% in 1990-91 [Fig. 5]. This trend if not reversed will mean that more and more Ontario tax dollars will be spent on interest charges rather than on productive programs and services. In addition, high debt loads and debt service costs cause uncertainty and make people unwilling to spend and invest.

The Ontario experience shows that government spending, financed by either taxes or borrowing will not create meaningful long term jobs. If big deficits generated employment then no one in this province would be out of work. Clearly, that is not the case.

As the Committee heard from the Canadian Bankers Association [CBA] the government must accept that *"In the end, the only cost-effective way we can maintain our standard of living, provide social programs and offer employment security to Canadians is to unfetter the private sector and let it create jobs."*

The key to new jobs is to get the government out of the pockets and off the backs of the private sector.

The key to financial stability is not more taxes but more taxpayers; not higher payroll taxes but more payrolls; not more regulators but more entrepreneurs.

TAXATION

In this province unfettering the private sector to create jobs will require the restoration of some degree of sanity to our tax policies.

Last year witnesses before this Committee pleaded with the government to hold the line on taxes and warned that the effective limits of taxation had been reached - that additional tax hikes would not translate into higher tax revenues.

In our 1993 dissenting opinion we called for a freeze on all new revenue measures.

The government responded by hitting taxpayers with the largest single tax grab in Ontario's history, [Fig. 6], part of the \$7.6 billion in new or increased taxes which have been levied on Ontarians through 65 tax hikes since 1985.

The negative effect of high taxes on our growth potential cannot be overstated. Every survey we

have seen shows that small businesses are especially sensitive to tax loads and witnesses told the Committee that our tax and regulatory policies have made Ontario a "less than hospitable" place for new businesses to locate and create jobs.

The damage, however, is no longer limited to the SME sector. According to the CBA the degree of uncertainty caused by Ontario government tax policies is effecting even large corporations "particularly after three years of new taxes and tax increases, after three years of new and more onerous legislative changes, and as the spectre of the introduction of, or increase in, Workers Compensation premiums looms.

Following the 1993 budget the government itself seemed to recognize that it had pushed taxes to the limit. In the fallout from last year's \$2 billion tax hit the Finance Minister said, "You can read my lips (there will be) no tax package similar to this one. . ." and, ". . . I really believe this puts our financial house in order."

The Premier said that more taxes, "can't solve the problem" and that "The vast majority of savings this year and in all future years has to come out of expenditure control and expenditure reduction." [Ottawa Citizen, May 21, 1993]

Our comfort level would be higher were it not for the government's record and for some more recent signals from the Finance Ministry.

For instance, the Finance Minister has again warned about a revenue shortfall, he and his officials have spoken about no "net" increase in the tax burden and the federal initiative to cut tobacco taxes is giving him a nicotine fit which, should he cut the Ontario tax, he could be tempted to relieve by increasing some other levy.

The Canadian Federation of Independent Business [CFIB] noted that reports suggests that the government is aiming to increase non-tax revenues to 20% of revenue from the current level of 9% of revenue [or from about \$5 billion to about \$20 billion].

In addition the Fair Tax Commission has suggested that it would be fairer if families with a family income of \$50,000 or more a year pay more taxes, and more income tax in particular.

We are concerned therefore that we will be reading something quite different on the Finance Minister's lips come budget day than we did last spring.

Experiences of the past year demonstrated that we have hit the tax wall. Despite three successive revenue grabs totalling \$4.2 billion, including \$3.1 billion in new taxes, tax revenues this year are over \$2 billion lower than in 1990 and are about what they were in 1989 [Fig. 7].

As for the FTC's findings, the average Ontario family has already seen their provincial tax bill increase by \$663 annually as a result of the first three NDP budgets and to suggest that they should pay more on top of that is infuriating.

Moreover, as Tim Whitehead, CIBC regional economist noted in his submission, far too many of the FTC's recommendations, including the recommendations on the tax treatment of retirement savings and the income tax, would discourage savings and reduce the savings rate.

Mr. Whitehead noted that, *"On this count the evidence from countless studies is nearly unanimous: one of the best ways to reduce long-term growth is to discourage*

savings."

Any tax hike at this point would be counterproductive and unnecessary. Conference Board economist Jim Frank told the Finance Committee that total direct tax collections by the provinces from personal income taxes should rise by 12% in 1994 compared to 1% in 1993 and sales tax revenues were expected to rise by 5%. The Conference Board submission stated, *"The bottom line is that 1994 should see an improvement in the fiscal position of all governments in Canada."*

The Finance Minister should take note that this is further evidence, if any is needed, that he does not have a revenue problem, he has a spending problem. As shown in Figs. 7,8, and 9 government tax revenues and revenues generally remain at or near historic high levels.

There is no excuse for any new tax or fee hikes this year.

Recommendation #1

The government not increase any taxes , fees or charges nor impose any new tax or non-tax revenue measures in its 1994-95 budget..

Recommendation #2

The government reject all recommendations of the FTC which would discourage savings and reduce the savings rate.

PAYROLL TAXES

Payroll taxes were of particular concern to a large number of witnesses before the Committee and should be of major concern to the government as well since they are a direct tax on jobs.

The Canadian Manufacturers' Association [CMA] pointed out in its submission that Ontario firms were facing a cost squeeze *"... driven in large part by higher costs mandated by the government of Ontario. They are an important reason for the slow growth of manufacturing jobs here in Ontario."*

The CMA's figures show that payroll taxes and supplementary benefits have increased by 43% since 1989, while regulated prices have jumped by 28%. By comparison, over that same period selling prices have increased by 2% and consumer prices by 17%.

According to Metro Toronto Board of Trade data the total annual employer contribution in payroll taxes based on average annual Ontario earnings has increased by 339% in the period 1980 to 1993, including a 222% increase in WCB and the introduction of the Employer Health Tax.

The average payroll tax burden has risen from 5.1% in 1980 to 11.6% in 1994.

These numbers go some distance to explaining why the Retail Council of Canada told the Committee that government policy decisions, especially increases in payroll taxes have been a major cause of overpricing of labour. As the Council put it, *"Such tax increases make firms more reluctant to hire new people when business improves, and requires them to reallocate funds away from pay and toward taxation."*

Given the negative impact of payroll taxes on employment some of the findings of the FTC on this issue are disturbing. Two in particular deserve comment.

The FTC recommended the elimination of the graduated rate for small businesses under the Employer Health Tax [EHT] regime and concluded that, since the payroll tax burden in Ontario is "lighter" than some of our international competitors, there might be room to increase payroll taxes in Ontario.

Both these findings should be rejected.

With regard to the EHT, implementation of the FTC's recommendation would cost small businesses an additional \$150 million annually in payroll taxes. This would further dampen the ability of SMEs to create new jobs and could threaten the jobs of people already employed by SMEs.

The FTC's concern that the graduated rate creates a notch effect in the tax system can be better addressed by exempting the first \$400,000 in payroll from the EHT.

The CFIB submission also found that the FTC's conclusion on the relative level of payroll taxation was flawed because it ignored the effect of profit-insensitive local taxes which when added to the payroll tax burden outweighed the burden in other competing jurisdictions.

The Ontario Workers' Compensation Board [WCB] which levies some of the highest assessment rates in the country [Fig. 10] was singled out in a number of submissions as being a major part of the payroll tax problem.

In its brief the CFIB stated, "Ontario's excessively high WCB payroll taxes are very much part of the overall tax load which is punishing small businesses and acting as a disincentive to employment . . . reform of the WCB is necessary to address the WCB's unfunded liability of \$11 billion and to reduce the pressure on assessment rates."

Recommendation #3

The government reject the FTC's finding that there might be room to increase payroll taxes in Ontario.

Recommendation #4

The government reject the FTC's recommendation to eliminate the graduated EHT rate for small businesses and instead provide an exemption for the first \$400,000 in payroll.

Recommendation #5

The government recognize the profound negative effects of high WCB assessment rates on employment and job creation and proceed immediately with a broad based reform initiative at the WCB to include:

[a] an immediate freeze on entitlements,

[b] a reduction in benefit levels from 90% to 80% of net earnings,

[c] replacement of the political appointees in the WCB's management structure with a turn-around management team of insurance professionals,

[d] introduction of spending controls and value for money audits,

[e] a cost-benefit analysis of the privatization option and of the option of contracting out certain services and functions.

THE CMT & CAPITAL TAX

The government could further rehabilitate Ontario's image as a hostile location for business by reversing its decision to proceed with the corporate minimum tax [CMT].

Even when fully implemented the CMT will only raise about \$100 million annually making it a nuisance tax and one where the cost of compliance and administration will likely exceed the revenue yield.

The government's Fair Tax Commission recommended against the imposition of a CMT arguing that it would be more efficient to eliminate tax preferences than to impose another tax.

The government, however, apparently liked the optics [and its polling data] of the CMT and so sound tax policy was sacrificed in the name of political expediency.

In making that decision however the government lost sight of the fact, as the CMA reminded the Committee, ". . . *that corporations do not pay tax as such, cost burdens are passed on to employees in the form of lower wages and benefits, consumers in the form of higher prices or investors in the form of lower dividends.*"

Instead of building new barriers to investment the government should focus on developing tax policies which would encourage businesses to stay or locate in Ontario and which would help attract new dollars to the province. Capital taxes in particular discourage new investment and deserve a hard look in terms of their effect on our ability to compete for foreign capital.

Recommendation #6

The government should reverse its decision to impose a CMT in Ontario.

Recommendation #7

The capital tax should be made creditable against corporate income tax.

REGULATORY REFORM

The Committee heard during its pre-budget hearings and its inquiry into the underground economy that the costs imposed by government regulation are just as damaging for employment and economic growth as the costs imposed by taxes.

It's estimated that Canadian businesses spend \$50 billion annually to ensure compliance with government regulations. That's a massive hit on the bottom line.

In Ontario, the government's regulatory policies have demonstrated little concern for the bottom line as new regulatory regimes have erupted all over the economic landscape - pay equity, mandatory occupational health and safety training schemes, employment equity, complex rent controls, biased labour laws and the annual corporate registration fees - are some of the more notable new additions to the maze that investors and entrepreneurs must negotiate if they want to do business in Ontario.

The government must ensure that the regulatory environment does not repel investment and new jobs and that the benefits generated by the 750 to 1,000 new regulations it imposes annually outweigh the costs.

Recommendation #8

As we recommended last year the government of Ontario should assess any proposed new tax or regulation in terms of its effects on the competitiveness of Ontario firms, on the cost of doing business in the province and on its impact on employment. To that end the government should review the Business Impact Test to be released shortly by the CMA and the federal government.

Recommendation #9

The government of Ontario develop and implement a Citizens' Code of Regulatory Fairness like the one adopted by the federal government of Canada. As with the federal model the code should commit the government to certain principles including to interfere as little as possible with individual freedoms while protecting the interests of the community.

Recommendation #10

The government of Ontario should issue the provincial equivalent of the Federal Regulatory Plan which would provide the public, businesses and other interested parties with advance notice of the intention of a ministry of the government to make a regulation and provide interested parties with the opportunity to scrutinize the regulation to determine whether it is necessary.

Recommendation #11

The government of Ontario should follow the lead of the government of Newfoundland and appoint an independent arms length committee to review with government officials all government regulations that effect businesses and introduce a sunset provision to come into effect on April 1, 1995 at which time all regulations found by the committee to be either inappropriate, irrelevant or unduly onerous shall expire.

Recommendation #12

The government of Ontario should eliminate the \$50 corporate registration fee as the compliance costs are far greater than the fee itself.

Recommendation #13

The government should repeal Bill 40 and introduce legislation to democratize the organized labour movement in Ontario including requirements for the broader use of the secret ballot.

SPENDING CONTROLS

It will be difficult to achieve and sustain even moderate economic and employment growth at current tax and debt levels. In the medium term if Ontario is to take full advantage of emerging opportunities tax rates will have to be cut, the deficit reduced, debt ratios stabilized and regulations streamlined.

That's a tough agenda but the first order of business must be more disciplined management of provincial spending which has increased at a rate well in excess of inflation over the past ten years [Figs. 11 & 12].

Despite numerous and substantial tax increases the gap between revenue and spending in the province, [Fig. 13] widened over time to the multi-billion dollar deficits which have become the norm [Fig. 14].

Since another round of tax hikes is not an option in closing that gap, the initiative must be taken on the expenditure side.

Other provinces - Alberta, Saskatchewan, Nova Scotia, Newfoundland - have launched very aggressive campaigns to achieve financial balance by committing to reductions in government spending as high as 20% over three years.

We believe a similar concerted and sustained effort is required here in Ontario to restore some degree of financial stability and to signal investors and businesses that Ontario is committed to developing a more supportive fiscal policy environment.

The Management Board and the Treasury Board would be well advised to review the 12 principles for a strategy for expenditure reduction outlined in the CMA brief to the Committee. We think the CMA model strikes a good balance between the need to regain control of public finances and the need to maintain access to and the quality of priority public services.

Regardless of what the government thinks about the CMA model we believe the following measures are essential if the province is to be put back on a sound financial footing:

Recommendation #14

The government of Ontario should adopt a balanced budget law modelled on the type introduced in New Brunswick and Alberta.

Recommendation #15

The government should allocate any new revenues generated by economic growth to deficit and/or tax reduction and not to program spending.

Recommendation #16

At minimum any reduction in expenditures resulting from economic growth should not be re-allocated to another spending envelope .

Recommendation #17

To repeat a recommendation made last year, the government establish an arms-length Effective Expenditure Commission to examine the way public funds are spent in Ontario and to develop a Government Value Assessment process as the basis for a cost-benefit analysis of government spending programs.

Aside from these general measures there are two major spending programs which we believe the government must address on a priority basis - non-profit housing and welfare.

The non-profit housing program has turned into black hole into which the provincial government continues to pump hundreds of millions of operating subsidy dollars. The provincial auditor's review of the program in 1992 was troubling to say the least and spending on the program has increased 36 fold in less than a decade.

A shelter allowance system is a more affordable and effective means of achieving the same policy goals and a moratorium on non-profit units yet to be built would save the taxpayer, at minimum, \$200 million annually.

Recommendation #18

A moratorium should be imposed on the non-profit housing program.

As for the social assistance program, welfare caseloads remain at an all time high [Fig. 15] and there are no signs of any significant improvement in the short term.

The province is spending about \$6.5 billion on welfare in the 1993-94 fiscal year and there is growing concern in Ontario and in other jurisdictions that this spending is reinforcing an unhealthy cycle of dependency.

Breaking that cycle will require the elimination of disincentives to work built into the welfare program and better integration of welfare, unemployment insurance and training programs as part of an effort to move people off the welfare rolls and onto a payroll.

Last year we outlined a range of measures we thought were vital for the maintenance of the integrity and utility of the Ontario welfare system. While the government has taken some action on this front many of our recommendations remain relevant.

Recommendation #19

The government act immediately to link the welfare budget to skills training and job creation initiatives and to improve the management and accountability of the social assistance system to reduce the losses due to fraud and poor administration and:

- *Act on the SARC Report recommendation to link social assistance to*

employment by using welfare dollars to finance wage subsidies to employers hiring social assistance recipients.

- *Implement a dual income replacement scheme with the federal government to recover interim welfare moneys from those waiting to collect unemployment insurance. Such a plan could allow the province to recover as much as \$50 million annually.*
- *Adopt a law similar to Quebec's to beef up the authority of welfare review officers to conduct welfare fraud inquiries. Quebec officials have a 75% success rate in recovering welfare fraud dollars in the 5,000 cases they review annually.*
- *Require mandatory home visits to determine and maintain eligibility.*
- *Instead of direct deposit, implement a mandatory cheque pick-up and review program such as the one in place in New Brunswick. The program could target specific groups of recipients who would be obliged to report in person to have their files updated.*
- *Consider establishing a student summer employment program to increase staff available to conduct eligibility reviews and help reduce seasonal welfare fraud.*
- *Ensure that any proposed changes to social assistance eligibility requirements are properly and fully costed before being implemented.*

SOCIAL CONTRACT AUDIT

It has become part of the routine in these reports for the dissenters to ask the government to deliver a clean and clear set of books to the taxpayers and the Legislative Assembly.

The Provincial Auditor's refusal to endorse the 1992-93 Public Accounts has expedited the process of clearing away the underbrush of pre-flows, off-book capital spending and pension fund jiggery-pokery.

While we will not pre-judge the results of that process we will express our disappointment with the government's response to our request for an audit of the social contract.

The Finance Minister's report to the Committee on this matter was far from satisfactory - a page of numbers which added up to the targeted savings - and far from independent.

It is widely recognized and accepted that there was a huge deferred cost component in the social contract and there is considerable anecdotal evidence that the savings are largely illusory.

To deal with these issues we recommend that:

Recommendation #20

The Provincial Auditor be directed to conduct random audits of the social contract sectoral framework agreements and unit plans to determine whether or not targeted savings are being achieved and to assess the level, if any, of deferred

costs generated by the implementation of the social contract.

CUTTING THE MISERY INDEX

Last year we said that in the absence of radical measures the government would condemn the province to a future "with fewer jobs, less investment, more debt and higher taxes" - one year of that future is already in the past.

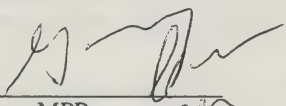
We don't need another year. The unemployed workers in this province don't want 1994 to be like 1993. The taxpayers don't want the 1994 budget to be like the 1993 budget. No one wants the government to keep doing the same old thing and getting the same old results.

People want Ontario's misery index - the number of unemployed, the number on welfare and the number of tax hikes - reduced.

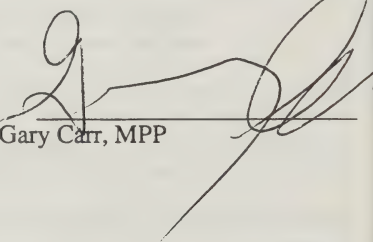
We are convinced that we will only get that index down by first getting government out of the way, out of the pockets and off the backs of Ontario's workers, consumers, investors and business people.

The recommendations in this dissenting opinion would, if implemented, move us some distance toward that goal.

Even if the government does not act on any of these recommendations, all is not lost. We know that 1994 will be better than 1993 in at least one respect - it is one year closer to the next provincial general election.


 Don Cousens, MPP

Don
Cousens


 Gary Carr, MPP

Annual Average Employment Level

(000s)

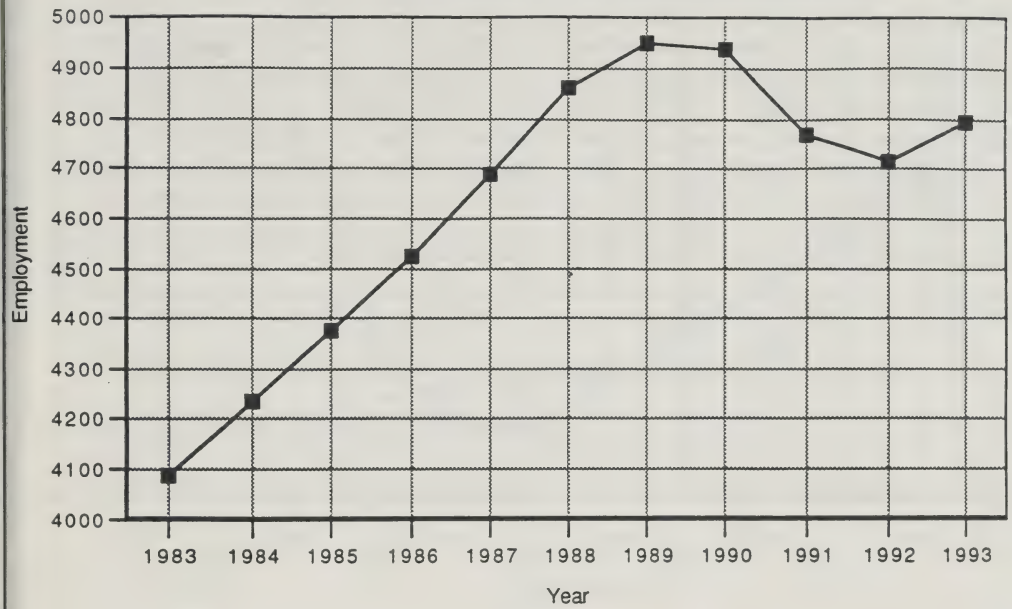


Fig. 1

Average Annual # of Unemployed
[000s]

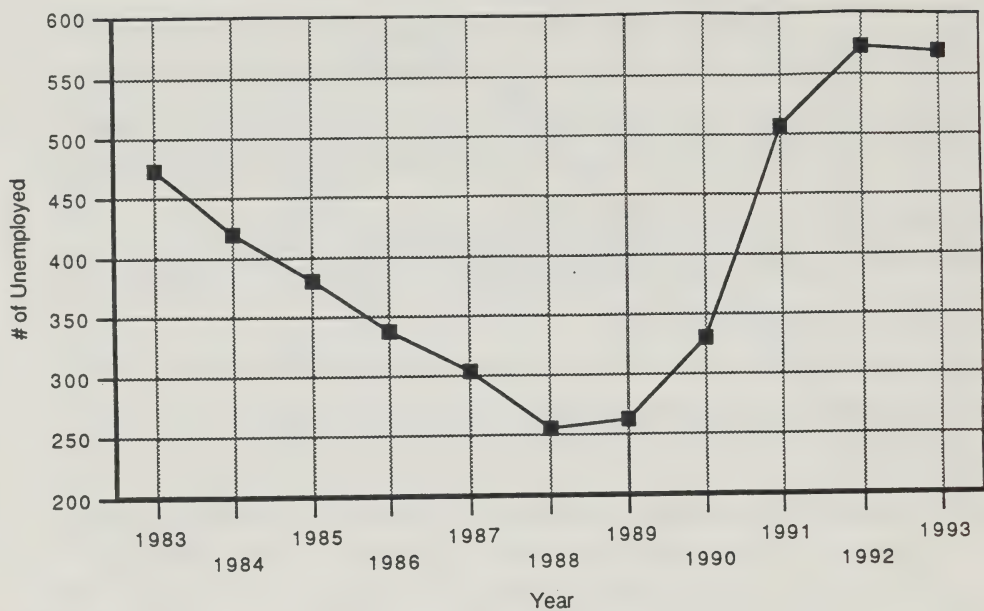


Fig. 2

Ontario Provincial Debt

1983-84 to 1993-94

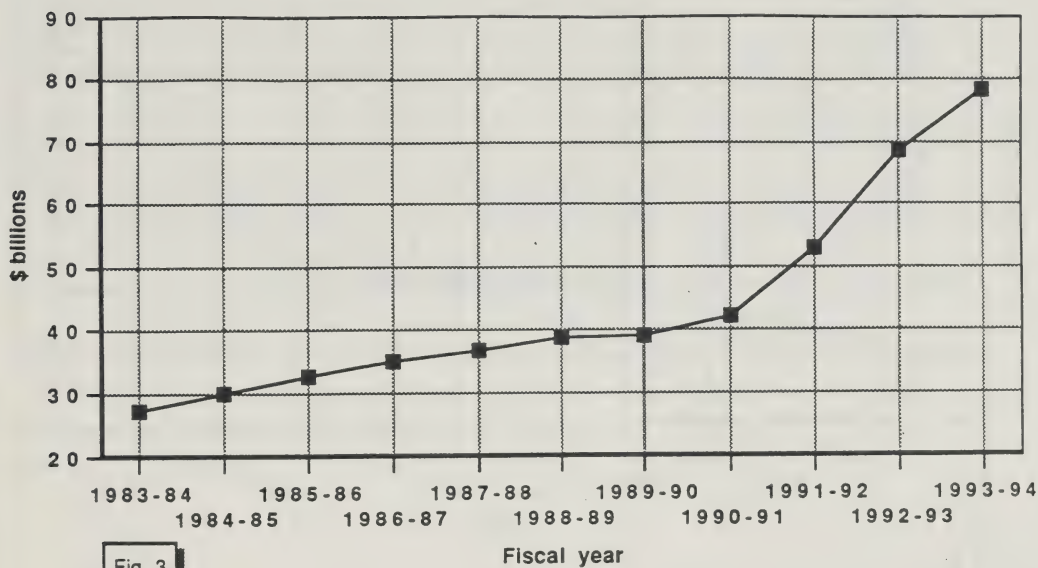


Fig. 3

Ontario Debt Per Capita

1983-84 to 1993-94

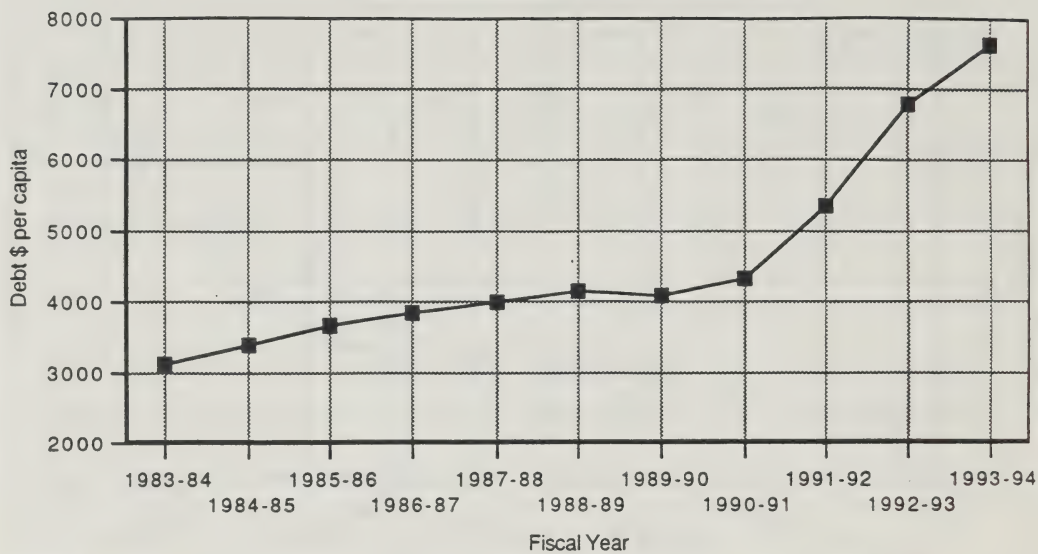


Fig. 4

Interest Payments as % Revenue

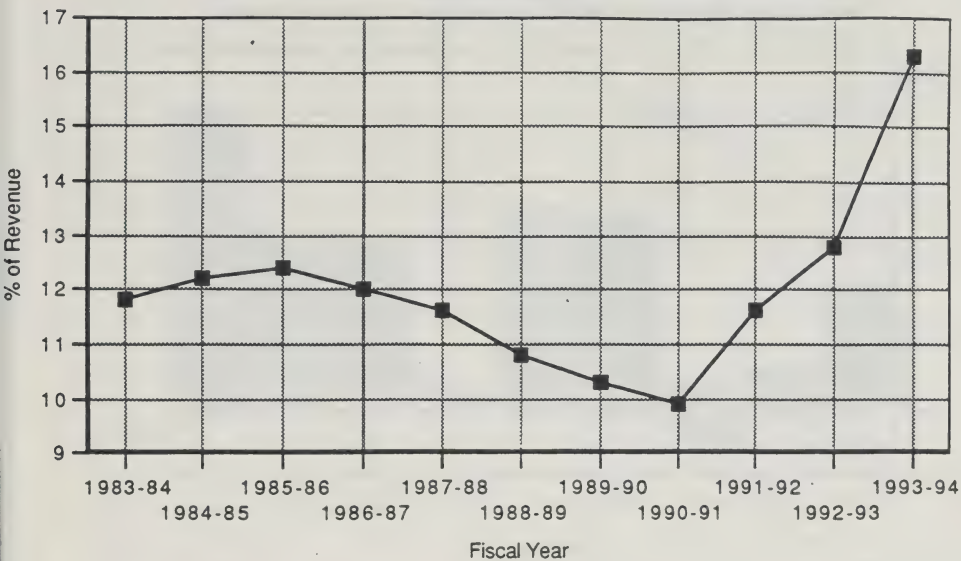


Fig. 5

Net Full Year Revenue Impact Ontario Budgets

\$ billions

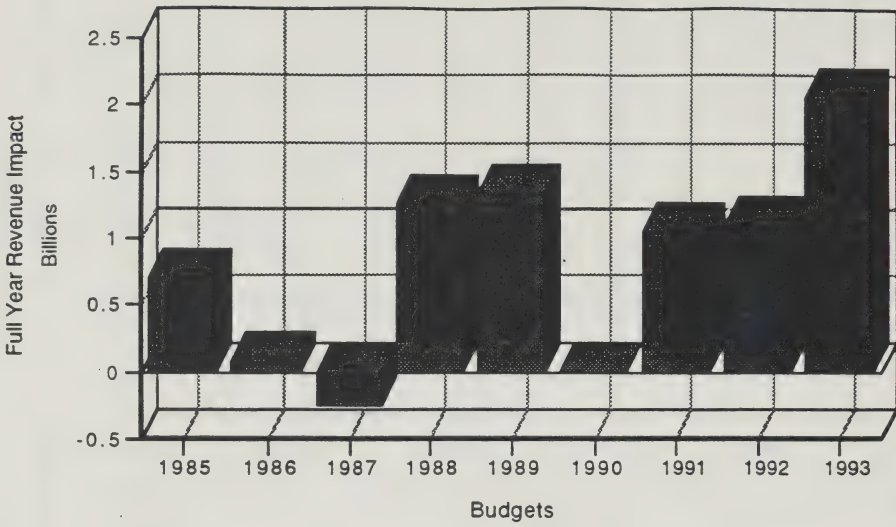


Fig. 6

Provincial Taxes 1983 - 1993

\$ billions

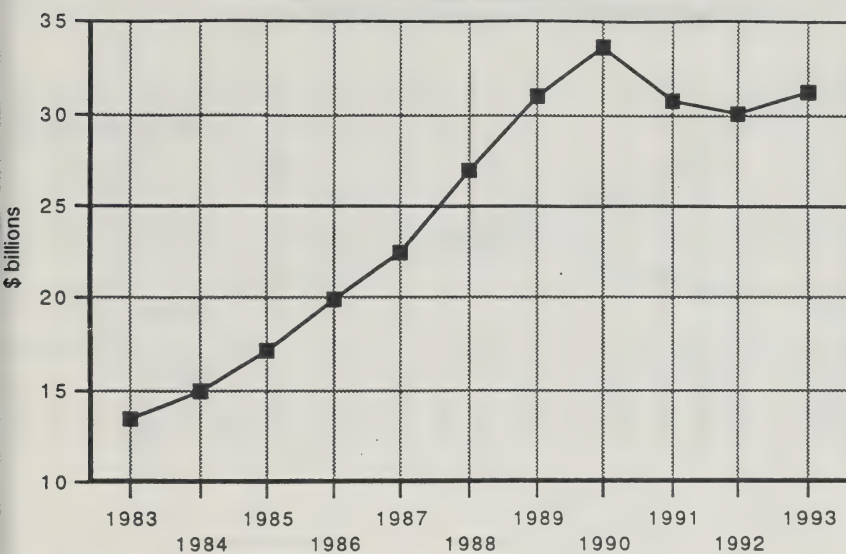


Fig. 7

Ontario Government Revenues

\$ billions

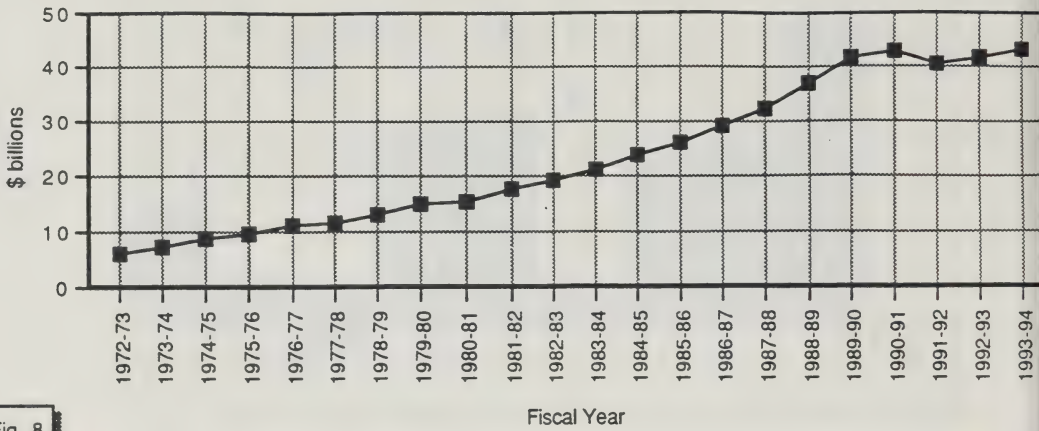
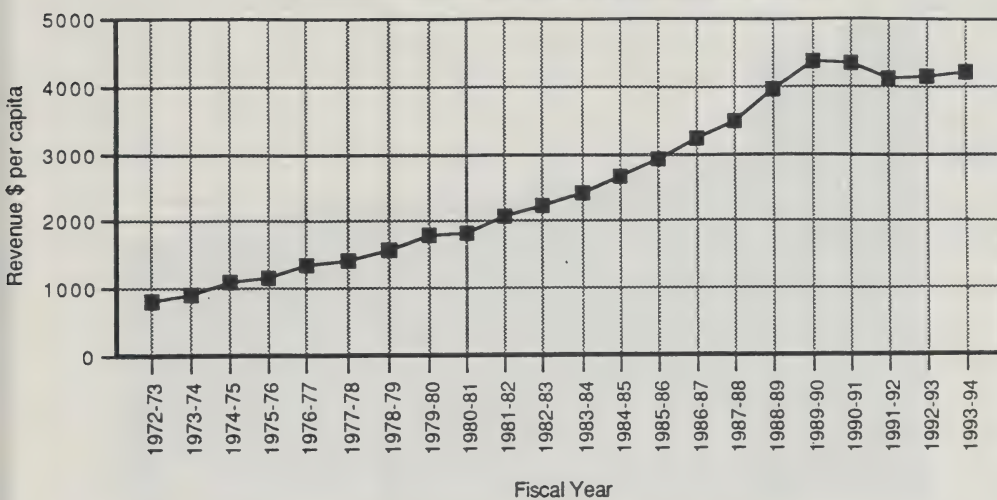


Fig. 8

Ontario Government Revenue

\$ PER CAPITA



Fiscal Year

Fig. 9

Average premium paid per \$100 of payroll 1992

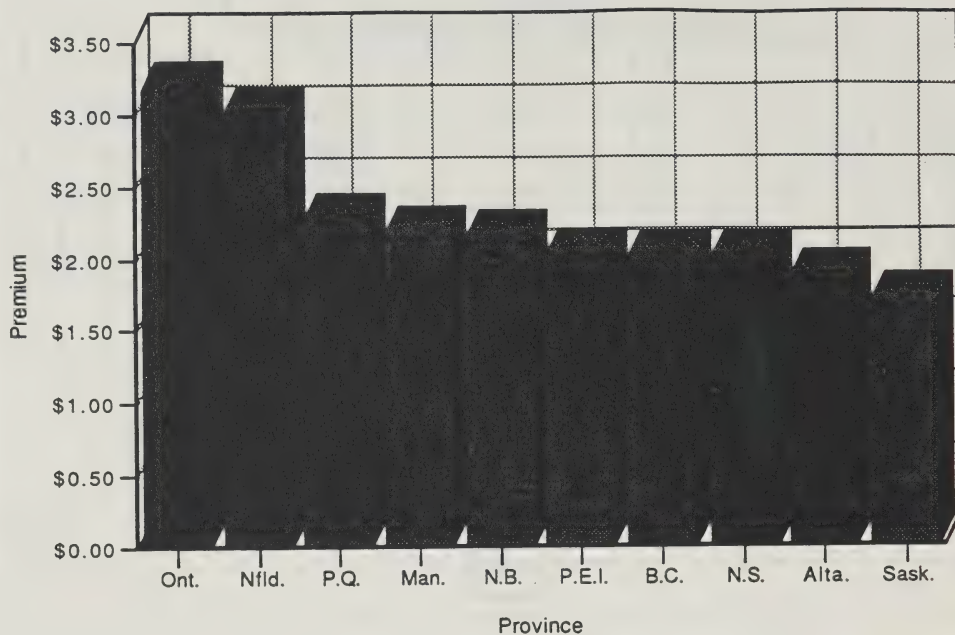


Fig. 10

Ontario Government Spending

\$ billions

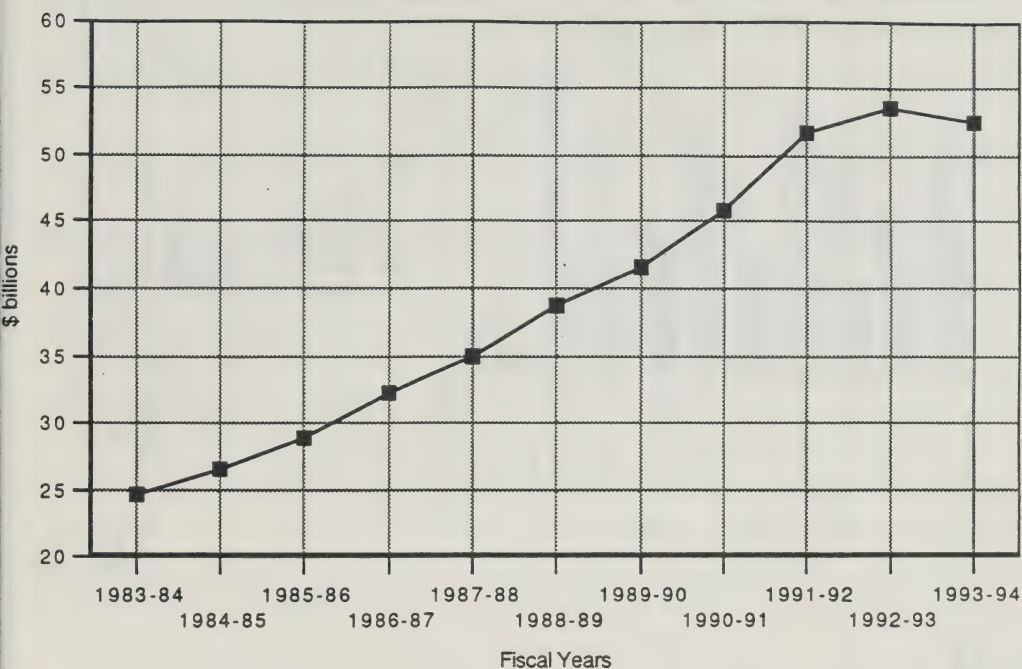


Fig. 11

Inflation rate vs. government spending

% change

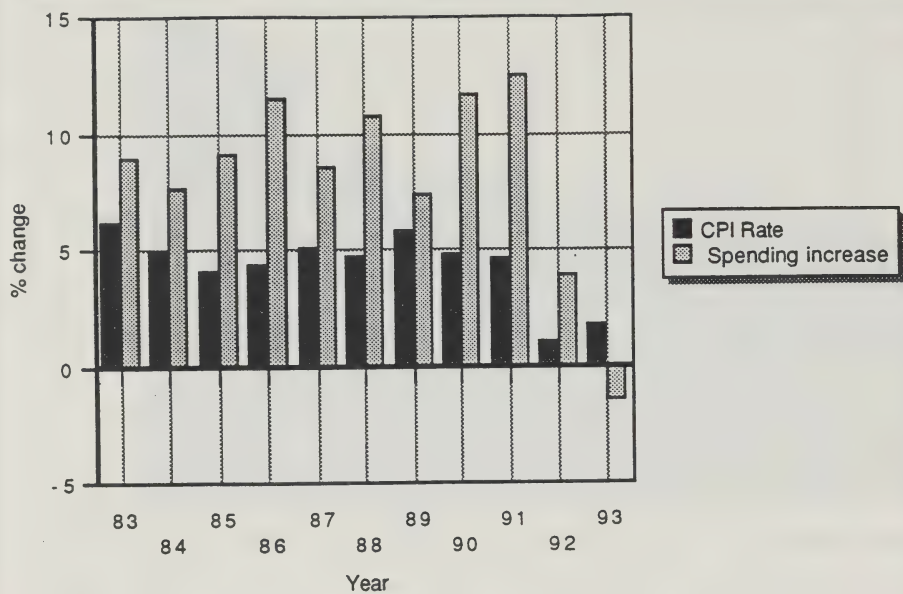


Fig. 12

The Spending/Revenue Gap

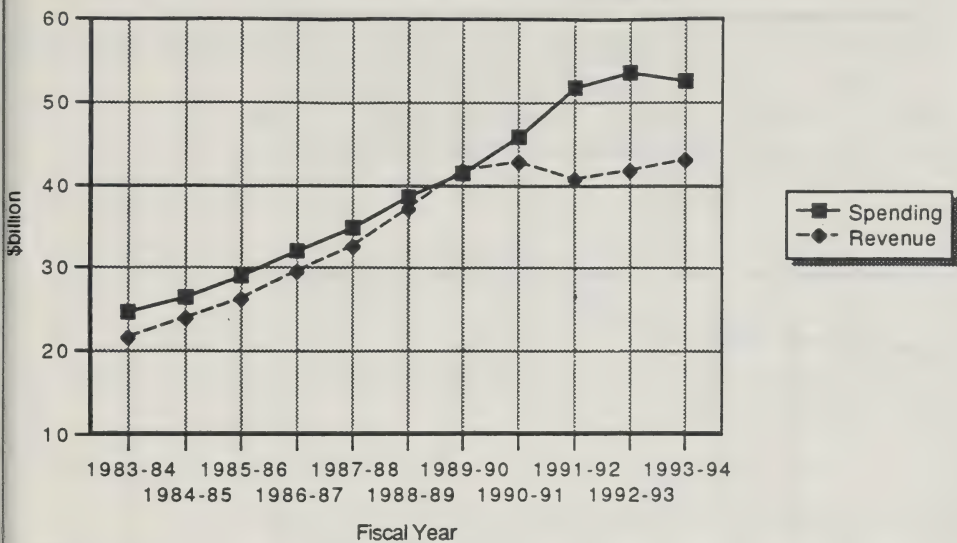


Fig. 13

Ontario Deficit/Surplus 1983 to 1993

\$ billions

Fiscal Year

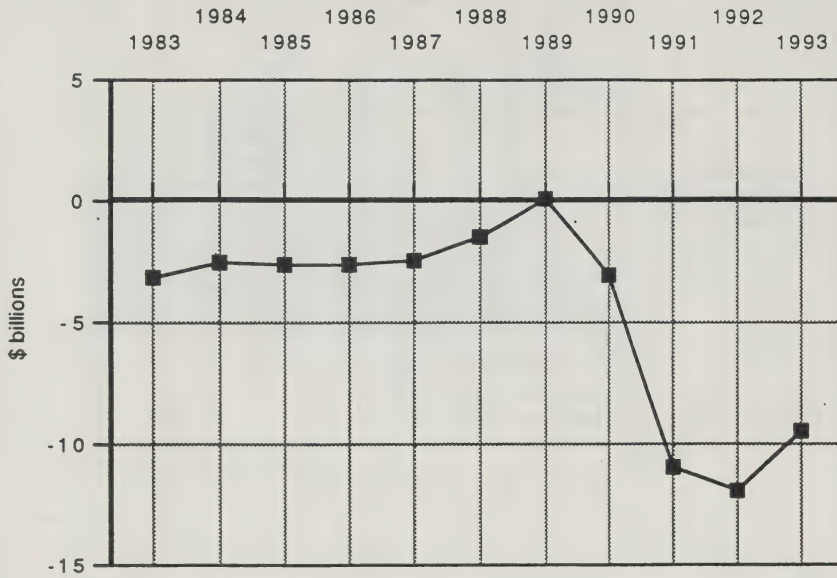
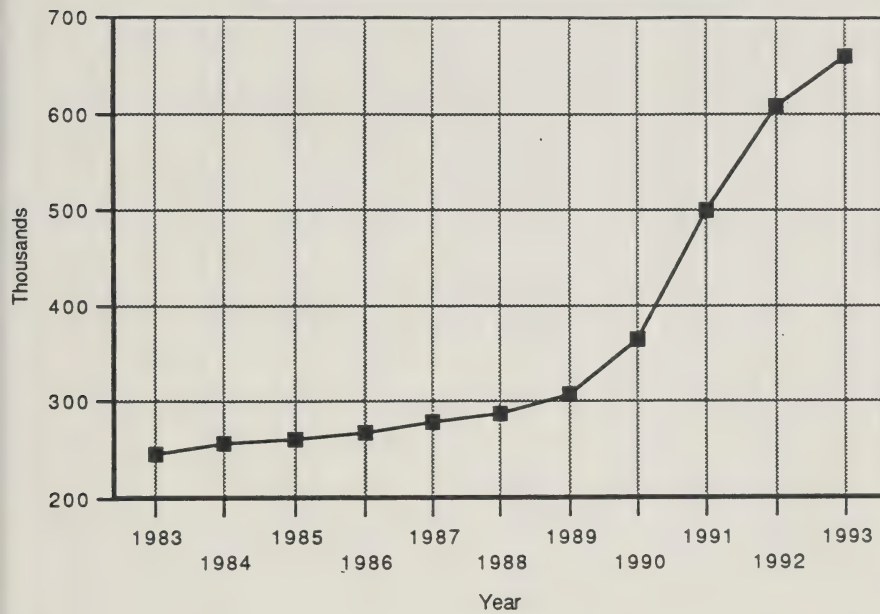


Fig. 14

Ontario Welfare Caseloads

Annual Ave. 1983 to 1993





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